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American Relations with the Weimar Republic 1919-1930

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**AMERICAN RELATIONS WITH
THE WEIMAR REPUBLIC
1919 - 1930**

**by
Lawrence Edmund Sommers**

**A Thesis Submitted in Partial Fulfillment of
the Requirements for the Degree of Master
of Arts in Loyola University**

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LIFE

Lawrence Edmund Sommers was born in Chicago, Illinois, December 5, 1925.

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PREFACE

Relations between the United States and Germany during the past fifty years have had the unique characteristic of being violently disrupted by two gigantic world conflicts. In each struggle Americans have opposed Germans both ideologically and militarily. As a result, so much attention has been paid to these times of strife that the peaceful era of the 1920's has come to be regarded by many as of only secondary importance.

Historically speaking, this may be true. Yet this does not mean that American intercourse with the Reich during the period of the Weimar Republic should be ignored or forgotten. The years that lay between the demise of "Kaiser Bill" and the rise of Adolf Hitler were pregnant not only with numerous manifestations of real progress toward a German-American rapprochement, but were also filled with many indications of better times to come. A study of the Weimar era, then, presents an interesting contrast to the unhappy state of affairs in which the German and American nations found themselves in the years that both preceded and followed this period.

Finally, if for no other reason than to uncover the

factors which made possible such a relationship between the Reich and America, the subject of this thesis has had, indeed, a sufficient warrant for its undertaking. Completed, it leaves many questions yet to be answered, but at the same time, it approaches at least one step closer to a fuller understanding of the problem at hand.

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CHAPTER I

GERMAN-AMERICAN RELATIONS PRIOR TO 1919

American relations with the Weimar Republic, while they are the primary object of this investigation, are in themselves but a small fragment of that greater association which has concerned the United States and Germany during the past three centuries. Consequently, in order to place the events of the early post-World War era in their proper setting, and thereby to facilitate an understanding of their role in the whole of German-American relations, some brief account of the background leading up to this period is necessary.

At the outset, it might be well to point out that, prior to the First World War, affairs between Germany and America fell sharply into two well defined phases. For slightly over a century beginning with the American Revolution, a growing friendship slowly manifested itself between the two nations, but when commercial and colonial rivalries emerged upon the scene in the late 1800's an antagonistic attitude developed which culminated in the chaos of 1917 and 1918. This division might well be kept in mind as the following events are related.

During the seventeenth century, due to the undeveloped nature of both countries, little intercourse of any sort was carried on between them. William Penn's exhortation for Germans to come to America was probably the only real contact made between the two peoples before the Revolution. Some years later, the alliance between the British and Frederick the Great of Prussia was instrumental in practically eliminating the French from the Western Hemisphere, a factor of great importance in the development of the thirteen American colonies. Events in the 1750's, however, turned the Prussian king against his ally in such a way that his antagonism to Britain proved to be a boon to the struggling colonists after 1775.

American friendship with Prussia and its ruler never assumed the character of a full-fledged alliance, however.¹ Though he welcomed any English misfortune, especially of a commercial nature, Frederick doubted the ability of the American rabble to defeat the crack British militia, and since he himself wished to avoid a tangle with the red-coats, he adamantly clung to his policy of remaining a "tranquil spectator."² Many more times than one did he hold himself aloof from the col-

1 Paul Leland Haworth, "Frederick the Great and the American Revolution," American Historical Review, New York, The Macmillan Co., IX, 1904, passim.

2 Ibid., 463.

onial agents, Deane, Franklin, and Lee, at one time even dubbing them as "in too much of a hurry with their propositions for a formal [commercial] negotiation."³ He did, however, refuse passage through his domains to British mercenaries from Hesse,⁴ and in 1777, sent Baron Frederick William von Steuben to improve the condition of the ragged American army. The Prussian general trained the colonial units so well that

in the military history of our Revolution, if we class men according to their services, no one after Washington and [General Nathaniel] Greene stands so high as Steuben.⁵

Several other slight concessions were accorded to the colonies in the remaining years of the American Revolution,⁶ but not until England herself had conceded the point, did the Prussian government recognize the independence of the United States. This done, the way was thrown open for the establishment of formal commercial ties, and thus, within a few years three treaties,⁷ widely acclaimed as new standards of inter-

3 Ibid., 464. Frederick to Schulenburg, May 6, 1777.

4 Ibid., 462. Quotes Frederick's Works, IV, 178.

5 George Washington Greene, The German Element in the War of American Independence, New York, Hurd and Houghton, 1876, 85.

6 Haworth, 470-472.

7 Texts are given in James B. Scott, The Treaties of 1785, 1799, and 1828 between the United States and Prussia, New York, Oxford University Press, 1918, passim.

national conduct, were concluded between the two governments. Benjamin Franklin, who negotiated the first of these pacts in 1785, so projected his humanitarian outlook that such novel provisions were included as (1) the abolition of privateers in case of war between the signatories, (2) the purchase, not the confiscation, of contraband, (3) the allowance of nine months for the retirement of enemy aliens in case of conflict between the adherents, and (4) the convoying of each other's ships during a war in which both parties were neutral.

This treaty, which further provided for the conditional granting of commercial favors to Prussia,⁸ was renewed in modified form in 1799 and 1828.⁹ Because of the small volume of trade in the early period of German-American relations, amity and equality prevailed, although in later years, due to the different interpretations given these clauses by Germany and the United States, many international disputes came to the fore.¹⁰

The first half of the nineteenth century was a period

8 George M. Fisk, "German-American 'Most-Favored-Nation' Relations," Journal of Political Economy, Chicago, University of Chicago Press, XI, 1903, 220.

9 The negotiations regarding these treaties are covered in Count Otto zu Stolberg-Wernigerode, Germany and the United States of America during the Era of Bismarck, Reading, Pa., Henry Janssen Foundation, 1937, 11-12; Jesse S. Reeves, "The Prussian-American Treaties," American Journal of International Law, New York, Oxford University Press, XI, 1917, 497-501.

10 Wallace McClure, "German-American Commercial Relations," American Journal of International Law, XIX, 1925, 692.

of expanding American intercourse, not only with Prussia, but also with the Hansa towns of Bremen and Hamburg, the Zollverein, and other states independent of the toll union. Trade with the Hansa cities existed long before 1800, but due to Napoleon's continental blockade, American ships were seen on the Elbe for the last time before Waterloo in 1808. After 1815, commerce again so flourished that New York and Philadelphia became the seats of consulate-general offices representing Hamburg and Bremen.¹¹ Between 1820 and 1827 the volume of German goods coming into the United States was valued at fourteen million two hundred fifty thousand dollars, and return products to Europe reached the sum of eighteen million dollars.¹² By 1840, however, due to an economic depression and the pre-eminence of internal trade in America, exports to harbors on the Elbe and Weser dropped considerably,¹³ tobacco importations, notably by Bremen, alone continuing to be high. A Zollverein pact in which the United States agreed to levy no more than twenty per cent on agriculture and industrial products of the member states in exchange for lowered rates on lard and tobacco in Germany, was negotiated in 1844, although this was but one of many such treat-

11 Stolberg, 20.

12 Ibid., 21.

13 Ibid. Statistical data given. Cites Wätjen, Aus der Frühzeit des Nordatlantik Verkehrs, 13.

made with the several German states during this period.¹⁴

The revolutionary movements in central Europe in 1848 and 1849 opened a new channel for German-American relations. For the first time in their history, the American people as a whole took an active interest in what was going on in Germany,¹⁵ for they saw there a struggle much the same as the one they had undertaken some seventy years earlier. Interest was high, because the promised changes seemed to parallel American democracy, because innumerable German-American voters could not be ignored by aspirants to political office, and finally, as Gazley¹⁶ puts it, because the German government "might fill the pocket-books of American citizens" through favorable commercial ties. Sharp criticism, however, soon voiced itself when the expected did not happen, so that many Americans took the attitude that the Germans were unfit for liberal institutions¹⁷ or that they

14 Ibid. Cites Fisk, Die Handelspolitischen und sonstigen volkerrechtlichen Beziehungen, 89ff; and Webster, Writings and Speeches, XII, 85ff. See also: Samuel F. Bemis (ed.), American Secretaries of State and their Diplomacy, New York, A. Knopf, 1928, V, 224-227.

15 R.C. McGrane, "The American Position on the Revolution of 1848 in Germany," Historical Outlook, Philadelphia, McKinley Publishing Co., XI, 1920, 333.

16 John G. Gazley, American Opinion of German Unification: 1848-1871, New York, Columbia University Press, 1926, 32-33.

17 Ibid.

lacked "patience, stability of purpose, and determination in accomplishment of their ends."¹⁸

On the international scene, Prussia was more favored than Austria, although Frederick William IV was much disliked because of his adherence to the odious Holy Alliance.¹⁹ The Frankfort Assembly, above all, was popularly criticized both for its selfishness and impracticability, and by John C. Calhoun for its over-centralization.²⁰ Calhoun favored a continuation of the existing federation, though with added powers over foreign affairs, defense, and enforcement of internal co-operation. At the same time, however, he felt that the success of constitutionalism in all Europe depended on that of the German revolution, for he said: "If she [Germany] fails, the others probably will."²¹

Official German-American relations at the conclusion of the revolutionary period underwent a rather strange transformation, primarily because of the change of administrations from James Polk to Zachary Taylor in 1849. During his country's

18 Ibid. Quotes Massachusetts Quarterly Review, March, 1849.

19 Ibid., 36.

20 Ibid., 45-46.

21 Merle E. Curti, "John C. Calhoun and the Unification of Germany," American Historical Review, XL, 1935, 476-478.

struggle with Denmark at that time, Baron von Roenne, the German ambassador to Washington, sought aid from the United States government, the latter of which consented to Prussia's use of American naval laws, gun drafts, dock plans, and tactical information. President Polk approved even the manning and provisioning of an American frigate for dispatch to Bremen, a process which was readily curtailed when Taylor took office. Following an official Danish protest, the Justice Department demanded of von Roenne that he submit a bond of "peaceful intent" for the ship. The ambassador rather reluctantly complied, and the vessel was finally able to clear the port of New York on May 24, 1849, although an accident prevented it from ever being used in service against the Danes. Taylor's policy of non-intervention was widely acclaimed by the American people, who, though sympathetic to the German cause, were quite averse to violating their traditional manner of keeping aloof from the affairs of Europe.²²

During the period of the Civil War in the United States, American relations with Germany were carried on mainly through the media of diplomacy and finance, although the war itself had its effects upon trade and public opinion in Prussia and her sister states. Both the Union and Confederacy had envoys in Prus-

²² McGrane, 334-339.

sia, while the latter and several other German provinces were also represented in America. The Prussian ambassador was Freiherr von Gerolt, a pro-Unionist who knew the American scene well. From Bremen came Rudolf Schleiden, a keen man of commerce who even offered himself in 1861 as mediator for a possible rap-prochement between the warring factions, but who was unsuccessful in his mission.²³

Public opinion in Prussia was divided, although the greater number of citizens were Union sympathizers.²⁴ Yet, as Carl Schurz reported, the Confederacy had many supporters among the army caste who "hated democracy and wished that the Republic of the United States, as the greatest and most attractive example of democracy, should fall."²⁵ Nevertheless, despite this division, the American legation was so flooded in mid-1861 with applications from German enlistees that a notice had to be posted stating that the building was "not a recruiting office!"²⁶

²³ Stolberg, 47; Ralph H. Lutz, "Rudolf Schleiden and the Visit to Richmond," American Historical Association Annual Report, Washington, D.C., 1915, 207-216.

²⁴ That is, among those of any opinion at all.

²⁵ Stolberg, 50-51.

²⁶ Ibid. Numbers of actual German personnel who fought in Northern and Southern ranks are given on pg. 54. Cites Kaufmann, Die Deutschen in amerikanischen Bürgerkriege, 131.

The press, represented by books, newspapers, and periodicals, reflected the same divided outlook.²⁷ Official circles, on the other hand, leaned more to a neutral position. For example, Count Otto von Bismarck, chancellor after 1862, was unconvinced by his school friend, John Lathrop Motley, that right was wholly with the North, and thus often spoke of the "highly cultured men of the South."²⁸ Too, as a believer in the inequality of individuals and races, he opposed the total emancipation of slaves.

Strangely enough, the war touched Germany both economically and financially. Though their cotton imports were much lower than those of either France or Great Britain, both Prussia and Bavaria suffered ill effects from the shortage of this raw material.²⁹ In fact, due to the seriousness of the situation, steps were early taken for the protection of German trade, particularly through the Union's announcement that it would adhere to the Declaration of Paris of 1856 which abolished the practice of privateering.³⁰

27 Ibid., 51-52.

28 Ibid., 63. Mitchell King, a fraternity brother of Bismarck, was from the South.

29 Ibid., 49-50. Cites Bismarck, Gesammelte Werke, X, 149, and Otdwig-Hohenlohe, Denkwürdigkeiten, I, 147.

30 Bemis, Secretaries of State, VI, 145-294, 420-431; Stolberg, 48-49.

More widespread, however, were the financial aspects of the war, especially since both belligerents approached the German states for monetary loans. Efforts of Robert J. Walker for the Union and Baron Raphael Erlanger for the Southern Confederacy culminated in the solicitation of huge sums of needed funds.³¹ The Confederates enjoyed early successes, but later fruits went to the Northerners, primarily because the Richmond government was not recognized in Prussia.³² As time went by, even the direct purchase of arms became difficult for the Southerners, and their attempt to discredit Northern securities met with dismal failure.

The years between 1866 and 1871 witnessed the tremendous efforts of Count Bismarck to unify the polyglot German states into one empire. The resulting wars with Austria and with France caused a flurry of American interest both in favor or and against the German actions. In the first conflict Prussia was generally regarded as the aggressor,³³ although much contempt was also heaped upon Catholic Austria by the champions of Protestantism in the United States. Such comments as that

³¹ Stolberg, 57-58. Quotes Walker as reminding the American people in 1867 that Germans accepted \$250,000,000 worth of U.S. bonds. Corroborates statement by citing Ellis J. Oberholtzer, Jay Gould, I, 513, who puts the figure at \$200,000,000.

³² Ibid., 60. Cites Dept. of State, Dispatches, Prussia, II, No. 173.

³³ Gazley, 178.

which was expressed by the Portland Transcript were not uncommon:

The might of Protestantism and the free tendencies of Germany have triumphed over the forces of despotism and religious intolerance.³⁴

Finally, when the North German Confederation was formed, many Americans, looking back to 1848, found reason to rejoice, but at the same time there were those who looked somewhat askance at the establishment of a powerful Prussian despotism which might easily spread elsewhere.³⁵

More direct relations between the American and German peoples took place during the Franco-Prussian struggle which commenced in July, 1870. A mutual amity was exemplified in the services of Mr. Elihu B. Washburne, American ambassador to Paris, who kindly consented to manage affairs at the Prussian legation for the duration of hostilities. During this time, some thirty thousand individuals of German birth were provided with the means to flee from French violence, and more than twenty thousand others were supported with one and two dollar doles for months at a time.³⁶ Washburne was publicly honored in Berlin for his services shortly after the war's end.

³⁴ Ibid., 204-205. Quotes Portland Transcript, August 18, 1866.

³⁵ Ibid., 231.

³⁶ Adolf Hepner, America's Aid to Germany in 1870-1871, St. Louis, Mo., no publisher given, 1905, passim.

The American attitude toward the conflict in its initial stages is neatly summed up by Gazley, who says: "Most Northerners, most Westerners, most Protestants, most Republicans, most American patriots sympathized with the Prussian cause."³⁷ Antagonism toward French machinations in Mexico,³⁸ the greater ratio of German over French immigrants in this country, and the ever-present religious factor³⁹ were combined to create this opinion. After Sedan, however, a considerable shift took place in American thought,⁴⁰ and there was an intense drive for materials to succor the gallant French, crushed as they were by

the most relentless and malignant of conquerors that the Old World had seen since Attila and his Huns earned the title of the scourge of God.⁴¹

Hostilities ceased in the spring of 1871, and consequently these attitudes were soon dissipated. Nevertheless, with the founding of the Empire at Versailles a new era of German-American relations began to unfold itself. The day of par-

37 Gazley, 322.

38 Ibid., 327. Quotes San Francisco Bulletin, August 31, 1870.

39 Scribner's Magazine, December, 1870, exemplified this factor when it said: "Close upon the heels of the Papal faux pas [infallibility] was the attack of France upon Prussia; of Papal France, be it noted, upon Protestant Prussia." Gazley, 354.

40 Gazley, 380-381.

41 Ibid., 398. Quotes New York Times, Sept. 28, 1870.

ocialism soon disappeared and with it vanished the spirit of amity and co-operation which had colored the intercourse of the two nations for over a century. Of course, the change could hardly be noticed in those early years, but yet the seed of the First World War were slowly being sown in the petty, then more serious commercial conflicts that speckled the eighties, the nineties, and the first one and one-half decades of the twentieth century.

The first real symptom of this growing transformation came in 1879 when Bismarck induced the German parliament to abandon its policy of low tariff and to adopt a new system of high duties and pronounced protection.⁴² The chancellor then initiated a plan whereby he gained privileges by giving them, thereby building up a tremendous industrial output which in turn reflected itself in a great and expanding commerce.

As a result of this growth, Germany was put in a better position to trade with the United States, and thus began to import American food and raw materials in large quantities. However, the Reich soon found that it was underbid on cheap manufactured products, with the consequence that an era of acute industrial rivalry came into being.⁴³ In 1883 the Germans began

⁴² Charles Downer Hazen, Modern Europe, New York, Henry Holt and Company, 1926, 477.

⁴³ Stolberg, xviii.

restrictions on American agricultural products,⁴⁴ a practice which soon brought retaliation from the United States in form of an act requiring a variable tonnage duty on ships based upon their distance from home ports.⁴⁵ The matter came to nothing, however, probably because Bismarck accorded little significance to American affairs in his diplomatic calculations.⁴⁶ His shortsightedness, nevertheless, was to have disastrous repercussions in the future.

Commercial rivalry between America and Germany mounted in 1890 to a point where diplomacy was needed to avoid more acrimonious developments. The McKinley Tariff Act of that year not only raised import duties to a peak theretofore unknown,⁴⁷ but also gave the President the power to make dutiable any item on the free list coming from countries deemed discriminating against American products. This act so thoroughly frightened the Germans who were restricting certain meats imported from this country, that a conference, known as the Saratoga Convention, was arranged for settlement of this problem in 1891. A

44 McClure, 694-695.

45 Ibid.; John Bassett Moore, A Digest of International Law, Washington, D.C., U.S. Gov't. Printing Off., 1906, V, 288.

46 E. Malcomb Carroll, Germany and the Great Powers: 1866-1914, New York, Prentice-Hall, Inc., 1938, 410.

47 McClure, 694-695.

promise not to use the duty-fixing power was thus exchanged for cancellation of the discriminatory regulations employed by the Reich.⁴⁸

Another aspect of the antagonistic German-American commercial picture between 1880 and 1910 was concerned with the most-favored-nation policies followed by the two nations. In America, as far back as 1778,⁴⁹ treaties of this sort were considered conditionally, that is, favors were accorded only to those nations which tendered equivalent compensation. The Germans, on the other hand, followed a policy of rendering treatment equal to the best accorded to any other country, and this unconditionally. Above all, as the Germans gave, so they also sought to receive.⁵⁰

As a result, "with no other country did the American interpretation of the most-favored-nation clause give rise to so many or such persistent disputes as with Germany."⁵¹ On one occasion, in 1884, the Germans protested a trade concession given to Switzerland which was not similarly accorded to them, but their claims were resolutely ignored.⁵² Again, in 1902, a simi-

48 Ibid.; Carroll, 410.

49 McClure, 689-701.

50 Ibid.

51 Fisk, "Most-Favored-Nation Relations," 220-236.

52 McClure, 696-697.

lar request was made for certain "concessions" such as were enjoyed by Cuba, but American officials refused, claiming that the Cubans deserved "special relations" due to their proximity to the United States.⁵³ Affairs were partially smoothed over through tariff revisions by both nations during 1909 and 1910, although prior to 1923 the basic problem of conflicting interpretations of most-favored-nation policies were never completely solved.⁵⁴

A second and probably greater source of international friction after 1871 developed in the colonial field. True enough, Bismarck seemingly⁵⁵ opposed overseas expansion in the early years of the infant Empire, but his own policy of protection, formulated in 1879, plus the implantation of individual German firms in world trade centers caused the chancellor to change his mind by 1884, when he adopted a vigorous program of colonization for the Reich.⁵⁶

Destined to clash in both the Pacific and the Caribbean, America and Germany first found themselves at colonial cross-purposes in Samoa, an island group strategically located

53 Ibid., 696n.

54 Ibid., 696.

55 Mary E. Townsend, The Rise and Fall of Germany's Colonial Empire: 1884-1918, New York, Macmillan Co., 1930, Chapter III.

56 Hazen, 468.

on the trade routes to Australia, China, California, and even Europe in the event of a canal being built at Panama. In 1854 the Hamburg firm of Johann Cesar Godefroy planted itself at Apia on Upolu Island and began to raise cotton for export. Within a little more than two decades such progress was made by this company that annexation rumors were rampant in Sydney, Australia, and this, despite the emphatic statement of the Imperial Government that it had "no desire to acquire the Samoan Islands, nor indeed any colonies for Germany."⁵⁷

The first permanent American entry into the Samoa region took place in 1872 when Commander R.W. Meade of the USS Narragansett concluded a treaty with the native chiefs for an exclusive naval station at Pago Pago. The United States Senate disapproved of this move,⁵⁸ however, and thus President Ulysses Grant sent Colonel A.B. Steinberger to the islands as his personal representative, an action which soon ripened into a Samoan desire for annexation by this country. Steinberger's deportation -- a result of American, British, and German consular jealousies⁵⁹ -- ended in a vicious civil war among the islanders.

⁵⁷ Sylvia Masterman, The Origins of International Rivalry in Samoa: 1854-1884, London, Allen and Unwin, 1934, 79. Quotes Russell to Derby, November 6, 1874.

⁵⁸ Samuel Flagg Bemis, A Diplomatic History of the United States, New York, Henry Holt and Co., 1936, 455-456; Masterman, 113. Cites House Exec. Document 161, 44 Cong., 1 Sess., 3.

⁵⁹ George H. Ryden, The Foreign Policy of the U.S. in Relation to Samoa, New Haven, Yale U. Press, 1933, 140-147.

When the Germans tried to curb the violence, a pact of amity and mediation was negotiated between the Samoans and America which nicely reserved the islands for future United States ownership -- or at least prevented the same from falling into the hands of Britain or Germany.⁶⁰ Yet, it so happened that these nations likewise concluded territorial treaties with the Samoan chiefs, actions which virtually forced the establishment of a three-headed controlling unit at Apia in 1879.

This precarious political balance was still in existence five years later when Bismarck inaugurated his colonial plans. The Germans now took advantage of a native uprising and proceeded to raise their own flag over the territory, a move which brought a strong protest from the American Secretary of State, Thomas Bayard. After unsuccessful discussions, the matter went to President Grover Cleveland for settlement, but Bismarck, anxious to avoid further friction with America,⁶¹ suggested a new meeting to take place in Berlin in 1889. Here was formed a tri-partite condominium,⁶² quite incompatible with American traditions, but which endured for the entire next decade. A final settlement, precipitated by the Spanish-American War,

60 Bemis, 455-456.

61 Stolberg, xvii.

62 Bemis, 458, 858-859.

eventually divided the islands between the German Empire and the United States, Great Britain receiving compensation in other parts of the Pacific.

The Samoan episode served two purposes worthy of notice. First, it not only gave an initial impetus to American imperialism in the Pacific, but thus paved the way for further friction with the Reich in future years. Secondly, it forced into the open the first real indication of German intentions to build a colonial empire outside of Africa, and heralded the arrival of a new and powerful element in international politics.⁶³ The stage was indeed set for an era of intense German-American ill accord.

A second focal point of German colonial interest in the Pacific during the late 1800's lay in the Philippine Islands, the last remnant of Spain's rapidly declining empire.⁶⁴ Much interest was directed toward these rich lands when the Spanish-American War began in 1898, although the Reich retained a strict neutrality throughout the conflict. In the public eye, however, America was sharply condemned for her imperialism, and the "defeat of the United States would undoubtedly have been

83 Clara E. Schieber, "The Transformation of American Sentiment toward Germany: 1870-1914," Journal of International Relations, Baltimore, Md., XII, 1921, 58.

84 Carroll, 414.

popular."⁶⁵ In fact, a victory by this country was widely viewed as surely to be followed by "other attempts to impose America's will on Europe."⁶⁶

By the early summer of 1898 even the diplomacy of Prince Bernhard von Bülow,⁶⁷ the German chancellor, had failed to win any portion of the Philippines for the Empire. Consequently, a German fleet of five vessels arrived in Manila Bay on June 20, presumably to take over the islands, either in case the United States did not keep them⁶⁸ or decided to reward the Reich for its neutrality.⁶⁹ In the weeks that followed, Admiral Diederichs, the German commander, not only seriously violated the blockade,⁷⁰ but at one time arranged his fleet into what seemed to be a battle position -- a move which had to be discouraged by British naval intervention.⁷¹

All this may seem unimportant to the casual reader. Nevertheless, in 1898 Americans at home were quick to suspect

65 Ibid., 412.

66 Ibid. Cites Historisch-Politische Blätter, CXXII, 297.

67 Lester B. Shippee, "Germany and the Spanish-American War," American Historical Review, XXX, 1925, 764-765; Townsend, 193.

68 Shippee, 765, 774.

69 Townsend, 194.

70 Thomas A. Bailey, "Dewey and the Germans at Manila Bay," American Historical Review, LXV, October, 1939, 64-65.

71 Ibid., 80

such German activities and attitudes, however they may have been intended.⁷² The Manila incidents, more than the Samoan affair, caused considerable ill-feeling in both countries, and helped very much to prepare America and Germany for their respective roles in the great world conflict which was to come. This antagonism was further intensified when the United States demanded and received the entire Philippine archipelago from Spain. As one German source put it, this was a case of the "shameless exploitation of their opponents' weakness" which the Americans would some day regret.⁷³

From the turn of the century until the First World War German-American antagonism continued unabated. The colonial area shifted, however, from the Pacific to the Caribbean wherein the pompous Reich sought to obtain a foothold, despite the preponderance there of American economic interests. Too, greatly offensive to the Germans at this time was the Monroe Doctrine -- even Bismarck had called it an "international impertinence" and a "species of arrogance peculiarly American"⁷⁴ -- and thus, to override it would have been most gratifying to the Foreign Office in Berlin.

72 Ibid., 75-77, 80-81.

73 Carroll, 416-417.

74 Schieber, 64.

The Empire's first real chance⁷⁵ to act in accordance with its ambitions came in 1902 when it joined with several other European nations in "chastising" the Venezuelan government for default in the payment of its debts. When America was sounded and found to be unopposed to such action provided that no lasting occupation was attempted,⁷⁶ the powers blockaded and bombarded several ports on the South American coast. Later, however, the Germans hinted at a "temporary occupation," so Secretary of State John Hay was forced to invoke the Monroe Doctrine and to call for arbitration of all claims by representatives of the United States. The Germans hesitated, but soon acquiesced as American public opinion became aroused and a fleet under Dewey was mobilized off Puerto Rico.⁷⁷

Throughout the Venezuelan episode, newspapers in the United States denounced the German action, agreeing that the primary object was to test the real strength of the Monroe Doctrine. Moreover, Americans believed that the Reich actually wanted not a settlement of debts but a permanent occupation of territory near the proposed Panama Canal.⁷⁸ The entire affair, soon followed by intrigues in Denmark to block American purchase

75 Other suspicious moves had been made in Haiti in 1897, and in the Santa Margarita Islands off Venezuela in 1901.

76 Bemis, 522. Cites Vagts, Weltpolitik, II, 1540.

77 Ibid., 522-524.

78 Schieber, 65-66.

of the Danish West Indies,⁷⁹ caused further distrust in the United States of German ambitions, and engendered a fear of the Empire's militarism and imperialism. This attitude finally attained such prevalence that in the years preceding 1914, the Kaiser himself, "the heaviest liability which Germany carried in her foreign policy from 1888 to 1918,"⁸⁰ came to be regarded as a veritable symbol of aggression, autocracy, and Weltpolitik. He and his nation became particularly obnoxious to the American people between Algeciras and Sarejevo, when they generally favored pacificism and arbitration as means of settling international disputes.⁸¹

The final culmination of almost a half-century of commercial and colonial rivalry between Germany and the United States occurred in 1917 when America joined the Allies against the Reich in World War I. This event was not entirely caused, of course, by the ill-will of previous years, but such long-standing antagonism did act as an important factor in influencing the American people to make their final decision.

Throughout the first three years of the European war, America was officially neutral, although most sympathy in this

79 T.W. Arnold, German Ambitions as They Affect Britain and the United States of America, New York, G.P. Putnam's Sons and Smith, Elder and Co., 1903, 34-51; Bemis, 521-522.

80 Schieber, 68.

81 Ibid., 68-69.

country lay with the Allies.⁸² This position, with a corresponding antipathy towards the Reich, became prevalent soon after the invasion of Belgium by the Kaiser's armies, and grew so strong with the subsequent barrage of propaganda that

[b]efore long it became an article of faith with the man in the street that the Kaiser (known as the "Beast of Berlin") had wantonly provoked the war; [and] when he had won it he would come over with millions of spiked helmets and make short work of the United States and the Monroe Doctrine . . .⁸³

As in several previous wars, the United States was the most important neutral carrier, and again as usual, her rights were trampled upon by the chief combatants. Violations by the Allied powers were often just as serious as those of Germany, but while the cost from the first figured only in dollars, the second type of friction was soon found to mean the loss of American lives.⁸⁴ The Germans early pressed the government at Washington to halt the selling of war goods to the Allies, but when President Wilson defended America's right to continue such sales, the Reich decided to pursue a stronger course of action. As a result, in a war zone set up around the British Isles, three ships -- including the Lusitania -- were sunk by mid-1915,

82 Bailey, 612.

83 Ibid., 614.

84 Said the Boston Globe in this regard: "One is a gang of thieves, the other a gang of murderers. On the whole, we prefer the thieves. . . as the lesser of two evils." Bailey, 646.

with the consequent loss of over one hundred thirty American citizens.⁸⁵

This last act incensed the entire nation against the Germans. As the New York Nation framed it:

The torpedo that sank the Lusitania also sank Germany in the opinion of mankind. . . It is at once a crime and a monumental folly She has affronted the moral sense of the world and sacrificed her standing among the nations.⁸⁶

The United States government protested the sinking of its ships and received German assurances of no recurrence,⁸⁷ although it was not until February of the next year that the Reich agreed to assume liability for American losses on the Lusitania.

Such pledges were broken and renewed several times by the Germans before the end of 1916. Toward the close of January of the following year, however, the Imperial forces were in such straits that the Berlin government felt it necessary to resume unrestricted submarine warfare, and thus to stake all on a final victory. This was soon followed by the publication in American newspapers of secret German diplomatic advances to Mexico promising her large tracts of western land if she were to ally her-

85 Bailey, 626.

86 Ibid., 627. Cites New York Nation, May 13, 1915.

87 Ibid., 630. Quotes War Memoirs of Lansing, 48.

self with the Reich in a war against the United States.⁸⁸ This information plus continued sinkings caused such a wave of anti-German sentiment to sweep the country that Congress finally declared war against the Imperial government on April 6, 1917.

The final chapter, then, of German-American relations before 1919 was written in the blood of both countrymen during the closing years of the First World War. When the end came in November, 1918, Bismarck's Empire existed no longer; only the German people remained to build anew upon its ashes. The great problems of reconstruction, of political reorganization, and above all, of economic and diplomatic reconciliation with America and the world faced the battered Reich. It is, then, to a detailed account of these post-war developments -- new links in the long chain of inter-relations between the United States and Germany -- that this investigation now turns its attention.

88 Ibid., 642-643.

CHAPTER II

THE BEGINNINGS OF A NEW AMITY

Upon the signing of the Armistice in November, 1918, a new chapter began in the long history of German-American relations. The circumstances surrounding this change could not be called auspicious ones, however, for with a background of distrust, rivalry, and finally open warfare, the wounds that needed healing were many indeed. A mutual feeling of enmity, whether warranted by facts or not, had reached its climax in the struggle just ended, and thus it would seem that a long period of political and social convalescence was necessary before a return to normal intercourse could be reached.

Public opinion, both in America and in the Reich, was quite divided for some time after the war. Yet, it can be said in general that a stronger anti-German feeling prevailed among the people of the United States than was manifested against America by the Germans in Europe. Strangely enough, even the Weimar Republic, different as it was from the former imperial regime, came in for much criticism in American newspapers and periodicals, chiefly because of the belief that its leaders did not intend to fulfill the terms of the Versailles Treaty. This

notion grew up among Americans because of German statements regarding the injustice of the Paris pact. For example, shortly after the Germans had been handed the peace terms, Dr. Herman Müller, the Minister of Foreign Affairs in the Reich, was quoted as saying:

Yielding to superior forces, and without renouncing in the meantime its own view of the peace conditions, the Government of the German Republic declares that it is ready to accept and sign the conditions of peace imposed.¹

Again, Premier Gustav Bauer opined that by the peace terms Germany was

violated body and soul to the horror of the world Let us sign, but it is our hope to the last breath that this attempt against our honor may one day recoil against its authors.²

Even Vorwärts, the Socialist sheet and semi-governmental organ, made the following statement:

Extortionate pressure renders signature of the Peace Treaty worthless. We must never forget it is only a scrap of paper. Treaties based on violence can keep their validity only so long as force exists. Do not lose hope. The resurrection day comes.³

Taking these statements at their face value, many

1 "Future Relations with Germany," Literary Digest, New York, Funk and Wagnalls Co., LXII, July 5, 1919, 21.

2 Ibid.

3 Ibid.

American pressmen filled their readers with highly emotional and rashly-put accusations against the German people as a whole. The New York Commercial neatly summarized its opinion in these words:

Does there exist a power, within or without, that can bring to Germany the moral regeneration without which she can never recover the respect of mankind?⁴

Similarly, the St. Louis Star accused the Republic of being a disarmed trickster rather than a reformed conspirator [and thus will obey the Versailles Treaty] only to the extent that compliance is forced by the Allies.⁵

Another editor, this time of the Baltimore Sun, said in the strongest tones:

The Huns run true to form Who can have anything but contempt for such a nation of liars, fiends, and hypocrites as Germany has proved itself to be?⁶

Finally, a direct attack upon the Weimar government came out in the Philadelphia Public Ledger. This newspaper cited the sinking of the German fleet at Scapa Flow and the burning of certain French battle-flags as proof of the treachery to be expected of a nation as evil as the Reich. The Ebert regime was described as follows:

4 Ibid.

5 Ibid.

6 Ibid.

There are abundant reasons to doubt the bona-fides of the German 'Republic' and to accept the theory that the 'revolution' has been from the first the cover under which an unreformed and unrepentent nation hoped to escape the ignominy of defeat and shift to mere puppets the responsibility both for the acceptance and the subsequent evasion of peace conditions which Germany has no intention of fulfilling.⁷

It seems, then, that a distrustful attitude remained long among the American people.⁸ Some newspaper and periodical sources tried to overcome this wartime anti-Germanism by appealing to a reasonable approach to the question, especially through the medium of trade. Yet, even this was hard to accomplish because few businessmen had respect for Germans and German-made goods. The Wall Street Journal had this to say:

It would be difficult to make a German see the loathing and contempt with which he is regarded by large numbers of people with whom he formerly did business on equal terms. The label 'Made in Germany' in this country, France, and the British Empire will damn articles of German manufacture as long as the memory of bad faith, cruelty, and arrogance endures.⁹

Nevertheless, the same newspaper pointed out the fact that

Germany must be kept alive to work out her own salvation in fear and trembling. But it would

7 Ibid., 22.

8 Other examples of American anti-Germanism are recorded in Thomas A. Bailey, Woodrow Wilson and the Lost Peace, New York, Macmillan Co., 1944, 305-306.

9 "Future Relations with Germany," Literary Digest, 23.

be folly to deny that living down her past record will dissipate the few illusions the German people have left to them.¹⁰

The St. Louis Republic was more level-headed about this matter, for it saw that in

some way or other Germany must trade, and the nations of the earth must be reasonable in this regard. Where trade with Germany is beneficial on both sides and does no injustice to those countries that Germany despoiled, trade with Germany should be resumed; for, otherwise the Germans can not meet their obligations abroad and oppose Bolshevism at home. Prejudice against Germany and German-made goods is inevitable, but the more rapidly it gives way to calmly reasoned policy the better . . . ¹¹

Across the Atlantic, however, a somewhat different attitude was exhibited by the defeated Germans toward the United States. It would seem that an intense hatred should have been shown in most quarters toward that one nation which, by aiding the Allies, had snatched the fruits of victory from a proud and powerful Germany about to administer the coup d' grace to her struggling enemies. Likewise, a large degree of personal contempt might have well been expected for Woodrow Wilson, who, as President, epitomized the American people and all they stood for. Yet, the German populace seems not to have formed either

10 Ibid.

11 Ibid.

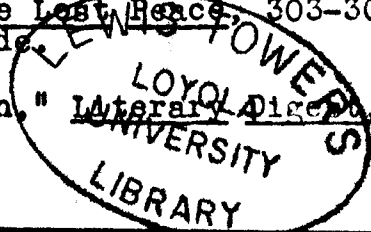
of these attitudes to any extent,¹² but rather chose to view America and her leader not so much as former enemies, but more as future benefactors. Vorwärts, the Socialist paper, whether actually in earnest or in search for sympathy, printed the following eulogy on the American nation and President:

It was wholly and solely the entry of the United States into the war which brought a final victory to the Entente. It is now the Sacred duty of the United States to see that this victory does not degenerate into debauch of cruelty, revenge, and oppression. It was the adoption of the high ideals set forth in your peace program by the German democracy which brought German militarism and autocracy to the ground. And now the liberated peoples of Central Europe, Mr. President, expect you to carry out what you had promised them and what your allies had accepted as the basis of peace. The people of the German Republic look to you as the most powerful of statesmen to use that influence which today weighs more heavily than that of any other man, to establish the foundations upon which the United Republics of Europe may be built, thus giving existence to something which the fanatic nationalists in all lands have hitherto thought impossible.¹³

Another tribute was paid to Wilson by members of the German Armistice Commission, who concluded their report in 1920 by saying:

¹² It cannot, of course, be claimed that no hatred of America existed in the Reich. Bailey, The Last Peace, 303-304, shows indications of this opposite attitude.

¹³ "A German Plea to Mr. Wilson," Literary Digest, LX, February 22, 1919, 23.



This volume shows what the Armistice conditions mean to Germany. Unfortunately they are not designed to carry out the great aim which President Wilson proclaimed in his speech of the Fourth of July, 1918, in the words: "What we seek is the reign of law, based upon the consent of the governed and sustained by the organized opinion of mankind."¹⁴

Even the common people of Germany, while heaping coals upon the heads of the European Entente, showed little evidence of cynicism or feeling of revenge against the United States. A few Germans, no doubt, agreed with a "leading citizen and wholesale wine merchant" who was quoted as being of the opinion that the idea of the gigantic indemnity

came from America, where money is ten times as abundant as it is here [Germany]. To Americans this sum may not sound so incalculable. But to us Germans -- oh, no, that will have to be changed.¹⁵

Nevertheless, this idea was not widespread in the Reich. More of the average people probably agreed with a barber who said of Wilson that if he

sticks to his Fourteen Points, and we believe he will, I can assure you right now that a

¹⁴ J. Ellis Barker, "The Present State of Feeling in Germany," The Quarterly Review, New York, Leonard Scott Publishing Co., CCXXXIV, October, 1920, 316. Quotes Die Deutsche Waffenstillstande Kommission, Materialien betreffend die Waffenstillstandsverhandlungen, Charlottenburg, 1920, Teil VIII.

¹⁵ "The Common People of Germany on the Peace Treaty," Literary Digest, LXII, July 12, 1919, 70-76.

monument will be erected to him in Germany, not simply in the memories of the people, but an actual monument of stone and bronze, with appropriate inscriptions.¹⁶

In the same way, a "distinguished physician", believing that the treaty terms were "frightful," claimed that the money could never be paid. Yet, he still seemingly looked to the President for guidance by asking, "Where are Wilson's Fourteen Points?"¹⁷

Finally, a rather frank fellow explained his stand quite well when he said without malice:

If America had never sent ammunition to the Allies, and there was no reason why she should, we would never have sunk your boats You forced us to give you an excuse for declaring war against us. Then came Wilson and his Fourteen Points. I have never seen such enthusiasm for a man and a cause as was manifested at that time in Germany for Wilson and his doctrine. He thereby inveigled us into the armistice. We had . . . soldiers, . . . ammunition, . . . and unshaken determination and will power. But we stopt [sic] since there was no reason for our continuing the war, Wilson having assured us of all we wanted. . . . And now we have the terms of peace. The Fourteen Points are nowhere to be found. Wilson has put his foot in it (hat sich blamiert) before the whole world¹⁸

Opinion in both countries, of course, did not remain static, but rather tended gradually to soften as the war faded

16 Ibid.

17 Ibid.

18 Ibid., 73.

into the background. Consequently, it was during the first five years after 1918 that the more important steps were taken to revive German-American friendship. This rapprochement progressed rather slowly, however, for during the first two and one-half years after the armistice an official state of war still existed between the two countries, and thus relations tended to be extremely cool, formal, and very much restricted to necessities. Most of the intercourse which did occur came about through private trading, although as soon as it became evident that the Treaty of Versailles would not be accepted, weak political ties were effected which were intended to serve as temporary facilities during the extensive interim.

Individual interests and pre-occupations, moreover, acted further to complicate matters, for the Germans, war-weary and in the throes of revolution, were hard pressed with such immediate home problems as the establishment of the republic, the conclusion of a peace based upon the harsh terms of Versailles, and above all, the solving of the terrible question of starvation. The first of these problems took pre-eminence over the others, for a successful political change was needed both as a defense against radical Bolshevism and as a means of winning more generous terms from the victorious Allies.¹⁹

19 It will be remembered that Wilson, in late 1918, offered peace terms based upon the Fourteen Points if the Hohen-

This transition was made in a legal manner several days before the armistice when Prince Max of Baden, the Imperial Chancellor, handed over his office to Friederich Ebert, a humble leather-worker and member of the Social Democratic party.²⁰ A provisional cabinet was formed which, after waging a successful fight against the Bolshevists, gave way to an elected legislature called the Reichstag in February, 1919. Ebert was chosen President, while the chancellorship went to his colleague, Philip Scheidemann. In the legislature, however, the Socialists held only one hundred eighty-five out of three hundred ninety-nine seats,²¹ and therefore it was plain that a regime based purely upon this party's principles was out of the question. Significantly enough, at no time in the history of the Republic did this situation improve, but rather it remained to plague the German government with instability and lack of faith on the part of the people themselves. The German revolu-

zoellern war-lords were overthrown. It is very probable that the old imperial government might have been retained had it not been for this event. "Correspondence between the United States and Germany Regarding an Armistice," American Journal of International Law, 1919, XIII, 85-96; Bailey, Lost Peace, 36.

20 Robert Ergang, Europe in Our Time, New York, D.C. Heath and Company, 1949, 119.

21 Ibid., 121.

tion, then, cannot be said to have made a complete break with the past, but to have erected in the place of the former regime only a superficial political expedient which left the old social and economic structure intact.

Despite these great handicaps, however, the new government toiled from February to August, 1919, in framing a constitution for the new Reich. Its efforts were not in vain, for in the completed document there was embodied one of the finest examples of liberal democracy known to the world at that time. As opposed to the fundamental law of the old empire, which was essentially a treaty between rulers, the new constitution gave expression to the will of the sovereign German people as voiced through their representatives, for it began: "The German state is a republic; political authority springs from the people."²² Yet, it was not intended to completely unify the nation, for it provided that the old states, new termed Länder, should retain their own constitutions and sovereign governments. In other words, republican Germany was to be constituted on a federal basis.

The Weimar Republic under Ebert, then, was destined to remain the Reich's official ruling organ for the next fourteen

22 Ibid., 124

years. It was, above all, that regime with which the surrender had been negotiated, and whose responsibility it now was to deal with the European Entente and America regarding peace terms. As will be explained presently, this resulted in a certain close relationship -- rarely considered in connection with the Paris conference -- which came into existence between the United States and Germany.

It will be remembered that, through the efforts of the idealistic Wilson, Germany had consented to call a halt to the war, and thus the Reich justly looked forward to a fair peace based upon the Fourteen Points.²³ This turn of events placed the United States squarely between the Allies and Germany, for, due to the inclusion of such principles as those of freedom of the seas and of self-determination, the American delegates were necessarily obliged to defend certain German rights as well as those of other peoples, and therefore could not rightfully co-operate to the fullest extent with their victorious associates. This situation was further complicated by the British refusal to even consider the re-organization of maritime laws, as suggested by Wilson's Second Point, for by this act America, for all practical purposes, was ejected from

23 Bailey, The Lost Peace, 36.

the Allied tribunal. One author²⁴ goes so far as to imply that her only real concern, and the one for which the United States fought against Germany, was thus eliminated. If this is true,²⁵ then from that time forward, Wilson and his colleagues remained in Europe more to fulfill the role of arbitors than actually to participate in a peace conference.

Woodrow Wilson failed, for the most part, to realize his lofty dreams. The Allies, especially France, were determined to satisfy their own particular desires, and thus one by one the principles upon which the German people expected their future to be based were rejected at Paris, and in their place a mass of vindictive clauses were organized into what came to be known as the Treaty of Versailles. The Reich was handed a stone where bread was expected, for it was despoiled of much of its land and population, occupied in part by Allied troops, placed under a crushing burden of reparations, and made to accept the entire responsibility for the late world war.²⁶ It can be said in truth that, though self-determination remained the Allied watchword, it was applied in almost every case except in

²⁴ Guglielmo Ferrero, "America's Role in the Peace Drama," The Living Age, Boston, The Living Age Co., CCCVII, November 13, 1920, 377-382. Reprinted from La Revue de Geneve, September, 1920.

²⁵ Bailey, The Lost Peace, 44-45.

²⁶ Treaty of Versailles, Parts III and VIII.

that of Germany and her fellow Central Powers. In the end, then, Wilsonian idealism came to nought.

The Paris Peace Conference remained in session from January 12, 1919 to the time of presentation of the treaty to the German delegation on May 7. An opportunity to study the terms was given to the delegates, but all protests were futile. Marshal Ferdinand Foch stood at the head of a large French army ready to march into the Reich if the terms were rejected, and so on June 28, 1919 the treaty was reluctantly signed by the representatives of the new republic in the same Hall of Mirrors at Versailles where, in 1871, the birth of the German Empire had taken place.²⁷

As soon as possible after the closing of the conference, Wilson sped home to Washington to induce the United States Senate to accept the Versailles Pact. Yet, within four months after its presentation to that august body, the Paris document was read, revised, and rejected.²⁸ This occurred primarily because the treaty and its ratification were laid open to the evils of partisan politics, themselves the result of a factious struggle which was being waged in the United States between the

27 Bailey, The Lost Peace, 288-303.

28 Thomas A. Bailey, Woodrow Wilson and the Great Betrayal, New York, The Macmillan Co., 1945, passim; George A. Finch, "The Treaty of Peace with Germany in the United States Senate," International Conciliation, New York, No. 153, August, 1920.

forces of nationalism and of internationalism. Thus, the American people, weary of war and shaken by the selfish vindictiveness of their former comrades-in-arms, were easily convinced that to withdraw into a smug isolation and to search out the blessings of "normalcy" was a better choice than to accept the vast responsibilities bequeathed to them by the war. Wilson and all he stood for were quickly exchanged for a chance to frolic in a contented complacency while the rest of the world struggled with the problems of peace.

This turn of events had a profound effect upon American relations with Germany, for, while Wilson still remained in office for more than a year, the Allied-American split, initiated when the second of the President's Fourteen Points had been rejected by the British, was now completed. The path was laid open for the United States, no longer fettered to Europe, shortly to negotiate a formal peace with the Reich, and to begin again the normal diplomatic relations which the war had interrupted. These changes did not manifest themselves for almost two years after 1919, but during that lapse of time a distinctly different and more friendly attitude began to be shown toward the Reich. Except for Wilson's veto of a separate peace treaty in May, 1920,²⁹ American relations with Germany were, official-

²⁹ Papers Relating to the Foreign Relations of the United States, Paris Peace Conference, Washington, D.C., United

ly at least, slowly returning to normal.

One factor which undoubtedly contributed greatly toward the abatement of German-American antagonism was the orderly and non-vindictive occupation of the Rhineland by the troops of the United States. This event began with the armistice negotiations themselves, for Article I of the surrender document provided that the

districts [on the left bank of the Rhine] shall be administered by the local authorities under the control of the Allied and United States armies of occupation.³⁰

This same document also named the specific areas to be occupied, which included the entire Rhineland and three bridgeheads, each eighteen miles in radius, situated east of the Rhine river at Mainz, Coblenz, and Cologne. A neutral zone of six miles was to be left between the Allied occupied areas and the rest of Germany.³¹

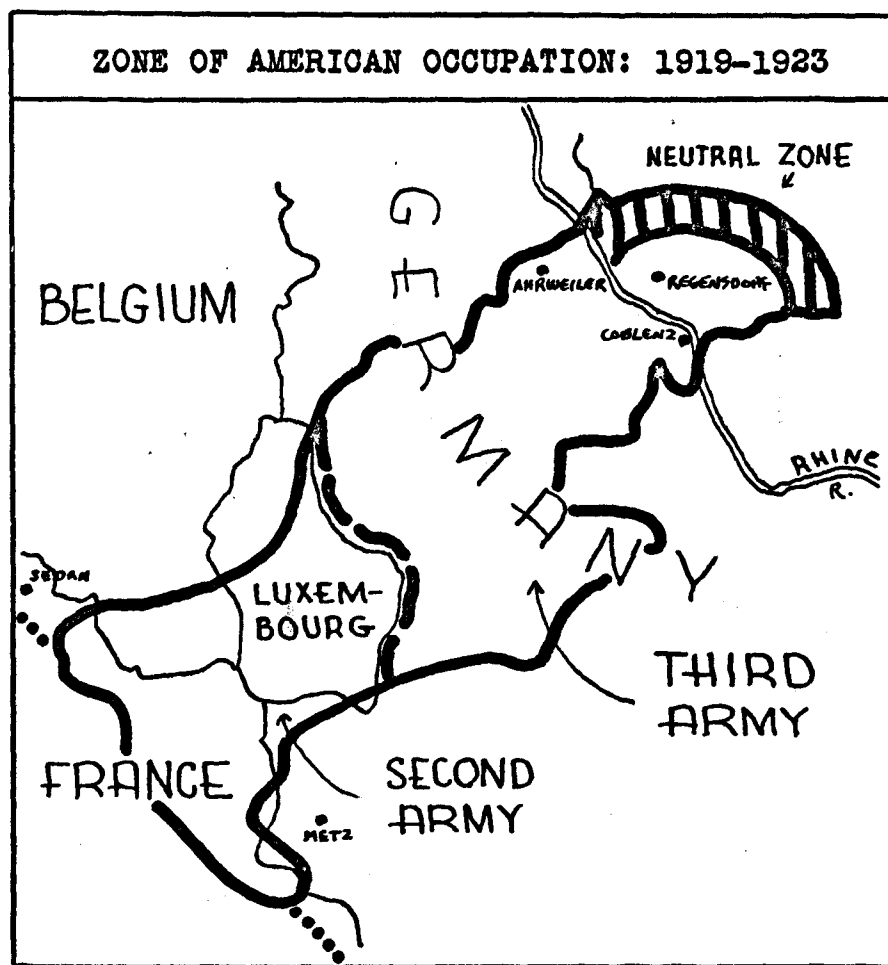
America, then, became one of the chief occupying powers in the Reich, and consequently was forced to continue her presence in Europe long after the war. Designed as the unit to hold the Rhineland was the newly organized Third Army under

States Government Printing Office, 1947, XIII, 15-16. Wilson's veto message can be found in House Document 799, 66 Cong., 2nd Session.

30 Ibid., 763.

31 Battle Monuments Commission, American Armies and Battlefields in Europe, Washington, D.C., U.S. Government Printing Office, 1938, 487. See map on page 44 of this thesis.

the command of Major General Joseph T. Dickman. The advance of these troops was so regulated that entrance was made into cities in Luxembourg almost upon the heels of the evacuating



German soldiers. Beginning its march six days after the surrender, the occupation army reached the German frontier on November 23; by December 9, leading units had already taken up positions on the Rhine. The river itself was crossed on the 13th

so that the Americans might occupy the bridgehead assigned to them beyond the city of Coblenz.³²

Within one month after the great surrender United States forces were in complete control of their sector in Germany and were ready to take up their duties as directed by Marshal Foch, supreme commander in Europe. The occupation itself was greeted in some places rather sullenly, while in others more enthusiasm was shown. In Trier (Treves), one of the first spots to be entered, the doughboys were met with a "glowering mien," as one report put it, and there were "no flags, no cheers, no smiles, no tears. It was just such a reception as only the boche could give."³³ The soldiers themselves had "nothing of the popular conception of a conquering army about them," but yet were "solemn-faced lads, business-like and quiet, and above all, ready for whatever was to come."³⁴

At Coblenz the reception was somewhat different, for in that city less want prevailed, and consequently the troops were met by "smiling delegations [of] pretty girls [who] waved hands and handkerchiefs."³⁵ In addition, the mayor of that city

32 Ibid., 489.

33 "Troop Movements Under the Armistice," Current History Magazine, New York Times Publishing Co., IX, January, 1919, Pt. 2, 15.

34 Ibid., 16.

35 Ibid., 17.

had issued a proclamation forbidding all acts of discourtesy and violence, and ordering such assistance as was possible to be accorded the Americans.

The Germans tended in some places to sneer at the Yankee occupiers, although in the smaller towns the men were well treated. The Volkszeitung of Mayen, where the Third Army established its first headquarters, said of the troops as early as mid-December, 1918, that they were

well behaved, their intercourse with the people is correct, and we willingly admit that the Americans are good fellows.³⁶

The Rhineland occupation, of course, was an inter-Allied operation, and not entirely American in nature. Therefore, the chief commander remained Marshal Ferdinand Foch, who was strict but not harsh in his treatment of the German populace. No troops except officers were billeted on the local inhabitants,³⁷ and every care was taken to lighten the burdens of these people. When the troops had been in position for some time, curfews were lifted by the local commanders, and telephone communication with the rest of Germany was allowed. Mail regulations, too, were shortly relaxed, but meetings, political and otherwise were rather strictly controlled except where they took

³⁶ Ibid., 18.

³⁷ "Agreement with Regard to the Military Occupation of the Territories of the Rhine," Foreign Relations, Paris Peace Conference, XIII, 766-767.

the form of church gatherings. Above all, groups of Bolsheviks that were encountered were usually disbanded, for no other government than that of Ebert and Scheidemann was recognized.³⁸ All in all, great tact was thus shown in not interfering with the ordinary life of the people, because this added to the general painlessness of the whole occupation. As one writer put it:

American control is the mildest conceivable, or in any case far less than that of the Belgians at Aix and Jülich and even more tolerant than that of the French at Mayence . . . The Americans always say that they cherish absolutely no hatred for Germany, and their attitude confirms this³⁹

Reports show that the Rhinelanders were never duly opposed to the American occupation,⁴⁰ for they could see that it was only of temporary duration. Moreover, the troops were better liked than the French or British, for they not only shared their luxuries -- newspapers, magazines, sweets and such -- with the population, but also spent large amounts of money in the country. Too, the labor problem was partly alleviated by the presence of American forces, for numerous Germans were hired by the occupiers. Thus, while four thousand jobless Germans

³⁸ Gregory Mason, "How the Allies Govern Occupied Germany," The Outlook, New York, The Outlook Co., CXXI, April 2, 1919, 558-559.

³⁹ "German Impressions of American Troops," The Living Age, February 22, 1919, 455-456.

⁴⁰ Elbert F. Baldwin, "The American Forces in Germany," The Outlook, CXXII, August 27, 1919, 635-636.

wandered the streets in January, 1919, only one out of ten was without work by the middle of April.⁴¹ Finally, the Americans served as a fine protective device for the Rhenish inhabitants against the dreaded rule of the Bolsheviks, so that when the army was preparing to leave, the Germans actually requested that it remain.⁴²

On the whole, then, the Rhineland occupation was not only a successful endeavor, but also an indirect boon to a renewed American friendship with the Reich. Certainly there was little vindictiveness on the part of Americans in Germany, and the temporary nature of the sojourn was plainly indicated by the continued dwindling of the occupying force. Too, an opportunity was provided for both Yanks and "Boche" to see each other in a new light, and while disagreements and unpleasant occurrences were not uncommon, samplings from each of the two nations were given a chance to dispel many of the misconceptions which had evolved during the war. Many doughboys for the first time saw the Germans as real human beings, and not as the beastial figments of propaganda, so that they could say, as one actually did, that:

41 Ibid.

42 Foreign Relations, Paris Peace Conference, XIII, 777; 1922, II, 214-215.

The war has made us believe that force is the only language a Boche understands. But the Rhinelander at least may have been slowly learning another.⁴³

The American forces remained in Germany only until the beginning of 1923, when they were removed entirely. Since no quota, either in time or personnel, had been agreed upon for the occupation, it is not surprising to note that the original body of two hundred fifty thousand soldiers had fallen to twelve thousand by January, 1920.⁴⁴ Six months earlier the Third Army itself had been dissolved, leaving only a small contingent of men known as the "American Forces in Germany," a constantly dwindling unit which remained on the Rhine about three years. The final withdrawal was hastened by the Senate's rejection of the Versailles Treaty, the separate peace made with Germany in 1921, and by dissatisfaction both with French and Belgian political machinations and with American difficulties in receiving a just share of reparations payments to cover the cost of the occupation.⁴⁵

Accordingly, on March 23, 1923 Secretary of War John W. Weeks instructed the commanding general in the Rhineland to

43 Baldwin, "American Forces," 636.

44 Foreign Relations, Paris Peace Conference, XIII, 776.

45 D.H. Miller, "Cost of American Troops on the Rhine," Current History, XVI, July, 1922, 614-616; Foreign Relations, 1922, 218-234; 1923, II, 110-192.

withdraw the American troops before June 30.⁴⁶ This order drew protests not only from the French, British, and Belgians, but also from the Germans themselves who claimed that the political effects of a complete withdrawal "would be to the detriment of Germany," and therefore made an "urgent request to the American Government not to withdraw."⁴⁷ Consequently, on June 3 the Reich was informed that a token force of one thousand soldiers would be left at Coblenz "for the time being."⁴⁸ Even these troops were evacuated about seven months later when French seizure of the Ruhr became imminent. The American zone was formally turned over to the French at noon on January 27, 1923.⁴⁹

Another factor which greatly influenced the return of German-American harmony, and one of the most soul-stirring episodes in the early post-war period, was the extensive aid provided for the starving German population by the people of the United States during 1919 and after.⁵⁰ These years were especially trying for the Reich, for when the great conflict finally

46 Foreign Relations, 1923, II, 212.

47 Ibid., 213-216.

48 Ibid., 218.

49 Ibid., 1923, II, 192-193.

50 While it is true that most of these provisions were paid for by the Germans, it is doubtful if they would have received enough aid to survive had it not been for the generosity of Americans.

ended, the food situation there was more than desperate. After four years of continual warfare and of the Allied blockade, meat consumption was down to one-seventh of its normal amount, fats were reduced by two-thirds, and sugar, eggs, potatoes, and milk had all but disappeared.⁵¹ As a result, the unbroken monotony of bulky, non-varying, unappetizing food had brought insidious destruction upon the German people and on their morale.

The degree of want might be brought out more vividly if the statements are given of several nutritional experts whose duty it was to ascertain as exactly as possible the need for food in the Reich. The following is a declaration by Dr. J.E. Johannsson, professor of physiology at the Carolinian Institute in Stockholm, and the Swedish government's expert on food problems:

Signs of demoralization and dissolution of social bonds can be noticed, but over it all the food shortage rules as an almighty factor. After all seen and heard during our journey, it is the firm conviction of both of us that Germany is in urgent need of supply through import.⁵²

In a similar manner, Professor Ernest H. Starling, among other things the British delegate to the Allied Food Commission, reported:

51 Sidney Brooks, America and Germany: 1918-1925, New York, The Macmillan Company, 1925, 10-11.

52 Ibid., 16.

The impression we have received is that the nation of Germany is broken, both in body and in spirit. Even if the adverse conditions as regards food were removed within the next few months, even years of good feeding will be necessary before the people are to start to health and efficiency.⁵³

Finally, Dr. Alonzo E. Taylor, a member of the War Trade Board as food expert during the American participation in the war, asserted:

Assuming that Germany had enough food to go to the next harvest on the present ration (which she has not), it would not be wise or merciful or just to keep her on that ration either for the purpose of saving money for herself or any other reason Under all circumstances, it is clear that food should be shipped in [to Germany] as needed in a correct nutritional program. Raw materials should be shipped at once, for the repair of domestic depletion Delay is injurious to the Germans and to the Allies. It is the old problem of penology on a national scale. Shall an offender expiate by solitary confinement on bread and water or work off a fine on the stone pile? Involved are both morals and utilities.⁵⁴

It is easy to see, then, that immediate aid to Germany was an urgent necessity, not only in the humanitarian sense but for the purpose also of forestalling the success of Bolshevism among the desperate populace. The strength of the Spartacists -- German Bolsheviks -- lay much in the discontent produced by empty bellies, for a Brooks puts it:

53 Ibid., 14.

54 Ibid., 17-19.

A small amount of food ought to be sent to Germany without conditions if it is hoped to maintain order there, otherwise circumstances growing from lack of food will be fertile for the doctrines of Rosa Luxemburg and Karl Liebknecht of the Spartacus group who will let hell loose if not curbed. There is a frightful current of agitation under an apparently peaceful situation.⁵⁵

The current of agitation spoken of was certainly true, for street fighting between German communists and socialists was a daily occurrence, especially in Stuttgart, Dresden, Hamburg, and Berlin, the last of which was finally placed under martial law in January, 1919. Again, for example, a general strike occurred in Leipzig and a demonstration took place in Bremen on January 10. All over Germany crime was rampant, railroads lacked engines and fuel, and industry in general suffered from an insufficiency of metals, cotton, rubber, and coal. The degree of severity was admitted in the Deutsche Allgemeine Zeitung on January 13, when a statement was issued to the effect, that

[i]mpoverished Germany can only be reconstructed by the labor of all. A very brief interval stands between the German nation and complete collapse.⁵⁶

⁵⁵ Ibid., 10. Quotes a "neutral relief worker of standing."

⁵⁶ Ibid.

These conditions, then, constituted not only an economic menace to Europe, but also Germany's jobless, her unemployable ex-soldiers -- in extreme need of food and clothing -- presented a serious political and social peril. Yet, there was one great nation from which might come the wherewithal to stem the tide of starvation and to save the day for those who were resisting the Bolsheviks. That nation was the United States,⁵⁷ officially an enemy country, but one to which innumerable Germans looked for aid -- probably more earnestly than was suspected in this country. A "reliable observer" is quoted by Brooks as saying:

All Germany's hopes today rest on America. The apathy and despondency of the people are, however, aggravated by the fear [that] the Americans will not be able to carry their program through.⁵⁸

And again:

The mass of people, untrained and inexperienced in constructive politics, are waiting to be told what to do. And they are looking to America to tell them. If they could be assured unambiguously that they would be helped with food and raw materials it would succeed in establishing stable government there. It would sound the knell of Bolshevism in Germany⁵⁹

57 It is significant to note, however, that American aid came completely from non-official sources. None of the one hundred million dollar congressional appropriation of February, 1919 was allotted for German relief.

58 Brooks, 24-25.

59 Ibid.

The attitude, then, that aid would be forthcoming from the United States was rather prevalent in the Reich, especially when America announced her intention to participate in solving the problem of peace. In fact, Brooks, referring to the Versailles Treaty, claims that

refusal to sign might have rekindled anti-German sentiment in the question of what America might do for Germany if so disposed came in for serious consideration and was an important factor in the decision to sign.⁶⁰

The same author even goes so far as to assert that many of the original members elected to the new republican government were chosen for their knowledge of or influence in the United States. He says:

How important German opinion considered the possibility of aid from America is seen in the inclusion in practically every cabinet since that of the first provisional government in 1918 of some member appointed because of some affiliation, some interests, some supposed influence with America or some personal knowledge of America.⁶¹

In support of the above assertion, Brooks points out that Herr Matthias Erzberger, German Finance Minister, had directed American propaganda from Germany, and although his knowledge of this nation was meagre, the man himself was agreeable

60 Ibid., 109.

61 Ibid., 113.

and knew the value of publicity. Similarly, the first republican foreign minister, Count Ulrich von Brockdorff-Rantzau, was experienced in world affairs, and especially familiar with America. Count Johann von Bernstorff, too, a man well known in the United States, was in charge of the Foreign Office Annex relative to peace matters, and was doing work with Count Adolf Montgelas, who had an American wife. Finally, Brooks declares "upon apparently good authority" that President Ebert himself won the election from the National Assembly at Weimar because of a self-assertion that he was in a position to secure a large loan from America immediately after the conclusion of the peace.⁶²

Whether or not these reports are true, it is hard to say. Nevertheless, there seems to be enough evidence to indicate a real note of expectancy in Germany with regard to the possibility of American aid, although officials in the United States may or may not have known this. It is certain, however, that the latter were cognizant of the general food situation among the German people, for in December, 1919, Herbert Hoover, head of the United States Food Administration in Europe, requested the German government to present him with an accurate

⁶² Ibid., 113-114.

statement of the nutritional condition of that country. When completed, the survey showed that cereal products in the Reich had fallen to sixty-four per cent of the pre-war consumption mark, meats stood at a level of eighteen per cent, and fats at about twelve per cent. As a result, the entire German populace was close to twenty per cent underweight, and the death rate in 1917 had reached a figure of nine and one-half per cent over that of births.⁶³ The reliability of these statistics had been carefully checked by a special mission sent to Berlin consisting of Dr. Alonzo E. Taylor and Dr. Vernon Kellogg, so that their accuracy could not be doubted.

Armed with this information, then, Hoover wrote to President Wilson at the Peace Conference:

Viewing the German Empire from a food point of view, there will be no hope of saving these people from starvation if Bolshevist activities extend over the empire in a similar manner to Russia, with its sequent breakdown in commercial distribution and in the control and distribution of existing food We must maintain a liquidity of the existing food stocks in Germany over the whole Empire, or again the situation will become almost unsolvable It would appear to me, therefore, that some announcement with regard to the food policies of Germany is critically necessary, and at once⁶⁴

⁶³ Frank M. Surface and Raymond L. Bland, American Food in the World War and Reconstruction Period, Stanford University, California, Stanford U. Press, 1931, 191. This figure was even larger in 1918 due to the influenza epidemic.

⁶⁴ Brooks, 25-27.

Such a step was necessary not only because the armistice agreement had provided for the continuance in operation of the Allied blockade, but also because the Food Administration was fully prepared to go into immediate action in distributing supplies. All during the month of November plans had been in the process of perfection for a speedy distribution of food materials to Europe, with this organization purchasing one hundred twenty thousand tons of flour and from thirty to forty million pounds of pork products.⁶⁵ These were already on their way to French ports for re-consignment or storage. Also, the United States Grain Corporation had been organized with a capital of one hundred fifty million dollars to carry out the commercial transactions for the Food Administration, and was now at hand to attend to the immediate shipment of food. Finally, a Paris headquarters had been set up which was fully prepared to distribute relief "on a scale never before attempted in the history of war or famine."⁶⁶

Despite these careful preparations, the actual task of provisioning Germany still assumed gigantic proportions, for co-operation both from the Allies and the Germans was almost negligible. Hoover and his staff were not only faced with the

65 Ibid., 5.

66 Ibid., 6.

arduous assignment of procuring and financing immense quantities of food stuffs, but were also saddled with the near impossibilities of either removing or penetrating the Allied blockade, and of wresting the German fleet from its owners to help in the great task of transportation. The two latter problems proved so difficult to solve that much valuable time was consumed where action was vitally necessary.

The blockade issue originated in November, 1918 when Marshal Foch, taking no risks with the Germans, caused it to be plainly stated in the armistice agreement that the deadly ring of vessels around the Reich was to be maintained "unchanged, and [that] all German merchant ships found at sea [were to] remain liable to capture."⁶⁷ These provisions and the intention of America to provide the hungry Germans with food were not only contradictory, but the maintenance of the blockade remained an artificial barrier restricting the normal working of economic laws. The blockade, then, had either to be removed altogether or co-ordinated in some way with relief and reconstruction measures. Complexities showed the latter to be impossible, although a somewhat workable liason was temporarily effected between the Blockade Council and the Food Section of the Supreme

⁶⁷ "Conditions of an Armistice with Germany," American Journal of International Law, 1919, XIII, 102.

Economic Council.

The blockade as a whole was fought by Herbert Hoover from the very start. For example, on the first day of January, 1919, he advised President Wilson that the raising of this obstruction was far more important to the economic recovery of all Europe than was its maintenance in naval and military values. He did not, however, propose the abandonment of the blockade prior to peace, but merely urged an opening which would permit the passage of certain agreed commodities for import and export. He further believed that there should be agreed-upon avenues of credit operations, channels of trade and communication, and that certain enemy ocean ships should be used for transport service.⁶⁸ In addition, both Hoover and Lord Robert Cecil, member of the British Peace Commission, thought that Germany should be allowed the opportunity to get re-exported food through those neutral nations north of her, a proposition which received no favorable approval from the Supreme Council of Supply and Relief.⁶⁹

The problem of neutral control thereupon entered into the general food picture, for it was apparent that not only was trade between the Reich and the Allies hampered by the

⁶⁸ Brooks, 34.

⁶⁹ Ibid.

blockade, but also was that of the Germans with neutral countries.

On this point Hoover opined to Wilson:

We have no justification in humanity or politics in debarring neutrals from buying all the food they wish for their consumption now that we have ample supplies.⁷⁰

He also addressed the French, British, and Italian food ministers, Boret, Clynes, and Crespi:

I am directed to inquire if you will not recommend to your Governments:
That all restrictions upon neutral trading be at once removed in [certain] commodities.
That no objection be raised by the Allied Governments to direct or indirect sale and transportation to enemy countries or to necessary financial transactions involved.⁷¹

Hoover's words were in vain, however, for both the French and the Italian governments persistently refused to comply with his pleas. No attempt whatsoever was made to lift the blockade before the formal signing of the Versailles Peace Treaty, although late in April, 1919, permission was given for the Germans to import foods on their own account. Such trade, nevertheless, was still so hampered by a mass of intricate regulations that Hoover was moved to say:

We feel . . . from an American point of view that the refusal of the Allies to accept

⁷⁰ Ibid., Hoover to Wilson, January 31, 1919.

⁷¹ Ibid., 38.

[the lifting of the blockade] leaves them with the total responsibility for what is now impending We do not believe that blockade was ever an effective instrument to force peace; it is effective, however, to force Bolshevism.⁷²

The other great task connected with the German nutritional situation which faced America and the Allies in the armistice period was that of securing from the Republic what remained of the Imperial merchant marine for aid in transporting food supplies to Europe. This was necessary because immediately after the war a shortage instead of a surplus of shipping existed for transport duty among the Allied nations and the liberated peoples which they were supplying. The practicability of using German vessels for such purposes, especially since the Reich was likewise to profit by it, was almost everywhere recognized. As Colonel Edward M. House, the intimate friend of President Wilson, said:

It would appear to me to be entirely just that the enemy shipping in consideration of relief of enemy territory should be placed in the general food service of all the populations released from the enemy yoke as well as enemy territory.⁷³

Consequently, at the Second Armistice Convention, held at Trier (Treves) on January 16, 1919, the following provisions

72 Ibid., 41.

73 Ibid., 60.

were put into Article VIII of the new surrender agreement:

In order to insure the food supply of Germany and the rest of Europe, the German Government will take all necessary measures to put the whole German merchant marine and fleet, for the duration of the armistice, under the control and under the flags of the Allied Powers and of the United States who shall be assisted by a German delegate. . . . This agreement in no wise prejudices the final disposition of these ships.⁷⁴

The urgency of the transportation, however, merely led to a controversy with certain representatives of the new German Republic. Unaware that the above clause had come from the Americans themselves, these individuals feared that this was merely a scheme by the European Allies to get their hands on the German merchant marine. Therefore, they apparently considered the possibility of securing a better bargain with the Allies by playing upon American sentimentality. At the same time, of course, this proved to be an excellent method of testing the mettle of the United States in its association with its comrade nations.

Thus, for some months no move was made by the Germans to turn over their merchant fleet to the Allies, even though such transference had been arranged for at a meeting in Spa, Belgium on February 6, 1919. Here Allied delegates under Admiral

⁷⁴ Ibid., 59. The full text of this agreement is printed in "Conventions Prolonging the Armistice with Germany," American Journal of International Law, 1919, XIII, 388-392.

sir George Price Webley Hope and representatives of Germany under Unterstaatssekretar Edler von Braun had come to an all-covering agreement regarding at once the provision of food for the Reich, the transfer of German merchant ships for transportation purposes, and securing of credits for further purchases of needed supplies. All this was now entirely disregarded. In the long interim, however, the Germans continued to such an extent to beg succor for their countrymen⁷⁵ that Admiral Hope was forced to apply the dictum: No ships, no food!⁷⁶ To this demand Braun finally acquiesced, but continued to hold out for a definite agreement which would guarantee an adequate supply of nourishment for his people before the vessels were surrendered. His own words were that he was

of the opinion that the delivery of the German merchant fleet must begin from the moment when revictualling of Germany with foods was secured.⁷⁷

The Unterstaatssekretar emphasized this point by claiming that the German ration might otherwise have to be cut, an event which undoubtedly would have grave "political and economic consequences."⁷⁸

given. 75 Surface and Bland, 189-200. Statistical figures

76 Brooks, 65.

77 Ibid.

78 Ibid.

On March 5, the German and Allied delegates agreed that

subject to immediate delivery of the German merchant fleet, it is the intention of the Associated Governments to facilitate the provisioning of Germany from month to month subject to the decision of the Supreme War Council as to quantities and conditions.⁷⁹

The Weimar government, nevertheless, rejected the offer once more, contending that it could not

put the German merchant fleet at the moment under control of the Associated governments without the food supply of Germany being assured⁸⁰

Negotiations were thus broken off until late March, 1919, when faced with the same naval surrender plus an added burden of depositing with the Director General of Relief sufficient gold to cover the value of any food received, the Reich representatives finally conceded defeat and signed away their ships.⁸¹

By this same Brussels Agreement, however, the Germans obtained permission to purchase and import three hundred thousand tons of breadstuffs and seventy thousand tons of fats⁸² from America and the Allies, and any further amounts from other

79 Ibid., 67.

80 Ibid.

81 Surface and Bland, 189-200. Cites Supreme Economic Council, Food Document 128, Appendix II, Paris, 1919.

82 Ibid., 195.

nations for which payment could be made. Reimbursement to the first necessarily had to be made in gold marks, redeemable later, and placed in banks of Allied or neutral countries. All in all, the amount deposited in such treasuries reached one billion, fifty-five million marks (two hundred fifty million dollars), slightly less than half of which represented cash sales by the American Relief Administration during the Armistice period.⁸³

As a final word on this matter of provisioning Germany in the years that followed World War I, it might be well to mention the outstanding services performed by independent welfare organizations in the United States, most notable of which was the Society of Friends, or Quakers. The latter-mentioned group -- under the name of the American Friends Service Committee -- began its humanitarian work soon after the Armistice, but due to lack of co-operation from the Allies and to American public opinion,⁸⁴ they found their task of feeding the Germans a very difficult one. They did not let such previous ill-will deter them, however, but rather continued to pursue their labors, saying:

83 Ibid.

84 Ibid., 198.

[The] Friends are not disloyal to their country, but they desire to be supremely loyal to the spirit of Jesus Christ who commands us to love those whom we call 'enemies'.⁸⁵

In November, 1919 Herbert Hoover asked the Friends to take on the responsibility of child-feeding in Germany.

Said he:

Despite the suffering and losses imposed upon the American people through the old German government, I do not believe for a moment that the real American would have any other wish than to see any possible service done in protection of child life wherever it is in danger. We have never fought with women and children I particularly turn to you, because I am anxious that efforts of this kind should not become the subject of political propaganda. The undoubted probity, ability and American character of the Quakers for generations will prevent such use being made for your service, and for this reason I propose that the funds at my disposal should be devoted exclusively to your support.⁸⁶

The original mission which answered Mr. Hoover's call consisted of fifteen volunteers who set out for Germany in January, 1920.⁸⁷ By the end of February they had started their merciful work and by July had placed over six hundred thirty-two thousand children under their care. A year later these figures had risen to almost one million twenty-seven thousand.⁸⁸

85 Brooks, 145.

86 Ibid., 147.

87 Later enlarged to forty thousand. Ibid., 154-159.

88 Surface and Bland, 198-199.

Funds for the Friends' work in Germany were collected by the European Relief Council, formed by Mr. Hoover in the early part of 1920. Among the contributors were listed the Friends themselves, the American Red Cross, the Federal Council of Churches of Christ in America, the Joint Distribution Committee for Jewish War Sufferers, the Knights of Columbus, the National Catholic Welfare Council, and both the Young Men's and Young Women's Christian Associations. A total of twenty-nine million dollars was collected for German relief by February, 1921,⁸⁹ while another two million was volunteered by the American public through a Food Draft System.⁹⁰ The German government, by means of the Deutscher Zentralausschuss für die Auslandshilfe, also aided this agency by adding considerable other funds,⁹¹ by furnishing free transportation, and by charging no tariff duty on imported food.

The Friends, after due consideration,⁹² remained in the German homeland through 1922, feeding for the most part children and expectant mothers, and distributing some 1,400 bales of clothing wherever it was needed. They finished their

89 Brooks, 150.

90 Ibid., 163-165.

91 Two million two hundred thousand dollars. Surface and Bland, 198-199; Brooks, 154-159.

92 Brooks, 159-161.

work and left the Reich that same year, only to return a short time later under the direction of Major General Henry T. Allen, former commander of the American Army of Occupation in Germany. This last mission continued its relief work through the harvest year of 1923 and 1924.

In general, then, the sacrifices and contributions of the Friends, as well as those of all the other auxiliary organizations, might well be considered as integral parts of those relations which concerned the German and American peoples in the trying years of the post-war era. The value of such inter-relations in renewing friendly ties between the United States and the Reich cannot, of course, be accurately measured, but from the expressions of gratitude which came from persons of prominence in Germany, the influence in this regard must have been considerable indeed. Thus, as Herman Müller, chancellor at the time the Friends left Europe, put it:

I wish . . . to express to the distributors of this relief, as well as to all those in the United States who have contributed in the collection of funds, how fully the German people appreciate this work of brotherly love. . . . For the continuation of this relief, which has been made possible by the co-operation of so many classes of the American population and which is being carried forward in the spirit of true justice and a brotherly love and a goodness knowing no boundaries, I wish a rich blessing.⁹³

93 Ibid., 176-177.

And again, Dr. Joseph Wirth, the German Chancellor in 1921, wrote:

Any form of government may continue if it can offer to the people the most necessary means of existence. In this respect child feeding has greatly helped our present government. . . . It is not too much to say that all such work has helped, in a way to prevent within the mass of the German people a still greater growth of despondency. In this respect the child feeding operation has decidedly counteracted the spread of Bolshevism. . . . [The share of all Americans] in this work has given room to hope that this memorable action of charity may soon be followed by co-operation along economic lines between the United States and Germany. . . . The never-to-be-forgotten merit of the American benefactors consists in creating in the German people a mental tranquillity and in reducing their feeling of being forsaken by the whole world.⁹⁴

In summary, then, during the early years after World War I, the antagonistic attitudes left as a residue from that gigantic struggle were slowly being replaced by a new and more friendly outlook. The Allied-American break, the infamy of Versailles, the Rhineland Occupation, and above all, the great gesture of mercy shown by private citizens in providing food for a starving German populace -- all these served to show that, unofficially at least, the two peoples were well on their way toward a fruitful era of peace and harmony. How this same trans-

94 Ibid., 177-178.

formation was carried out along lines of diplomacy and commerce will be the subject of Chapter III.

CHAPTER III

OFFICIAL PEACE AND BETTER BUSINESS

The gradual rapprochement, which in the previous chapter was shown to have developed between the peoples of Germany and the United States shortly after the First World War, did not immediately become reflected in the official relations of those countries. While for all practical purposes a true peace had been effected between these nations at the Armistice convention of late 1918, no such status was recognized by the respective governments concerned. As a matter of official record, a formal state of war still existed between the two powers as long as no definitive peace treaty was concluded by them, or no act of Congress was made to repeal the declaration of hostilities framed in April, 1917.

Americans and citizens of the German Reich, then, remained technical enemies long after the Armistice, and thus no early attempt was made to re-establish those diplomatic ties which had formerly existed between them. In fact, the matter was totally ignored for almost a full year after the cessation of military action. It had, indeed, been inadvisable up to this time for the United States to send a representative into

the Reich to handle its affairs, not only because there still was hope that the Senate might accept the Treaty of Versailles, but also because no such precedent had been set by any of the other Allied powers.

When, in October, 1919, no ratification of the Versailles pact seemed even remotely probable, a representative of the Commission to Negotiate the Peace wrote from Paris to Secretary of State:

Owing to the great dependence of Germany on the United States for its necessities, present and future, and to the fact that we are still more trusted in Germany than any other nation, we are in a position readily to establish points of [contact] which will aid in the rehabilitation of Germany and indirectly in that of the whole of Europe.¹

He further noted that, while the appointment of a charge or a diplomatic agent might still be impracticable, it might be well to name a commissioner who would prove most valuable in supporting and encouraging the new German government, in observing the political, financial, and economic situation in the Reich, and in controlling and reporting the activities of commercial travelers in Germany.²

1 Foreign Relations, 1919, II, 242.

2 Ibid.

Since selection of such a commissioner had to be made with a great deal of care, a whole week passed before Secretary of State Lansing wrote back to the Peace Commission:

I cannot think of anyone in the service more suitable to act for us in this capacity than Ellis [Loring] Dresel.³

Dresel was an experienced diplomatist who had been an agent of the State Department in Germany before the war,⁴ and was in Paris on duty at the peace conference. Thus, upon Lansing's recommendation, he was instructed on November 5 to proceed to Berlin under the title of American Commissioner. In this capacity he was not to be considered a "diplomatic officer accorded to Germany," but was merely to receive information of interest and importance on condition and opinions of the German state, and to ascertain as far as possible the aspirations of foreign governments in the new republic.⁵

The time of Dresel's arrival in the German capital was later changed so as not to be misconstrued by the Allies or appear to be a lone-handed move by the United States. As a safeguard, it was planned that he should not start for the Reich before the signing of a protocol reaffirming Germany's peace obli-

3 Ibid., 243.

4 Who's Who in America, Chicago, A.N. Marquis and Co., 1922, XIII, 964.

5 Foreign Relations, 1919, II, 244.

gations,⁶ for an earlier arrival might encourage the Germans in what was feared to be their policy of "driving a wedge between the Allies."⁷ However, as the year progressed, the need for Dresel became so acute that he was finally dispatched from Paris to Berlin on January 14, 1920, and arrived there to take up his duties three days later. Here he remained for almost two years in the capacity of commissioner, continuing to handle American affairs in the interim period before formal diplomatic relations were restored between the United States and Germany in 1921. In November of that year his status was changed to that of charge d' affaires,⁸ a post which he retained until relieved by Alanson B. Houghton, appointed Ambassador to the Reich in April, 1922.⁹

Negotiations for a formal peace between the American and German governments, apart from that established by the Treaty of Versailles, were initiated as early as December 20, 1919. Thus, even while the Paris pact was still being bantered about in the Senate, that august group had already heard Senator Philander C. Knox of Pennsylvania submit a resolution declaring

6 Protocol to the Treaty of Peace, signed January 10, 1920. Foreign Relations, Paris Peace Conference, XIII, 743-754.

7 Foreign Relations, 1919, II, 245.

8 Ibid., 1921, 34.

9 Who's Who in America, XII, 1578.

"That peace exists between the United States and Germany."¹⁰ No action was taken on this proposal, however, until the following May when it was amended, passed by both houses of Congress, and sent to President Wilson for his signature. The Chief Executive, ill and still smarting from his Versailles defeat, vetoed the bill, so that it was returned to Congress, where less than the necessary two-thirds vote failed to make it law.¹¹

Little more was heard of the separate peace with Germany until April 12, 1921, when the new President, Warren G. Harding, addressed the Sixty-Seventh Congress in these words:

The United States alone among the allied and the associated powers continues in a technical state of war against the Central Powers of Europe. This anomalous condition ought not to be permitted to continue. To establish the state of technical peace without further delay, I should approve a declaratory resolution by Congress to that effect, with the qualifications essential to protect all our rights. Such action would be the simplest keeping of faith with ourselves, and could in no sense be construed as a desertion of those with whom we shared our sacrifices in war, for these powers are already at peace.¹²

Accordingly, Senator Knox introduced his 1920 resolution once again, and after some debate and amendment, it was approved on July 1 by both the House of Representatives and the Senate.

¹⁰ Senate Resolution 136, 66th Congress, 2nd Session. Congressional Record, December 20, 1919, 960.

¹¹ Foreign Relations, Paris Peace Conference, XIII, 16

¹² Ibid.

True to his word, the President set his name to the bill one day later, thus making it law.¹³

Commissioner Dresel at Berlin received the announcement on July 5. At the same time, however, he was requested to ask an "authoritative and definite answer"¹⁴ as to whether the German government wished to object to or question any of the rights accruing to the United States in certain sections¹⁵ of the Versailles Treaty, for these provisions would undoubtedly be contained in such a peace treaty as had been in the process of discussion between the Reich and America since the previous January. The reply arrived about two weeks later, when the Secretary of State received word that the decision of the Reichskabinett "fully correspond[ed] with the views of the American Government."¹⁶

As a result of this agreement, then, negotiations were further carried on between the two governments which culminated on August 25, 1921 in the signing in Berlin of the treaty between the United States and Germany restoring friendly relations.¹⁷

¹³ Ibid., 17. Text of resolution on pages 18 and 19.

¹⁴ Foreign Relations, 1921, II, 6.

¹⁵ Ibid., 5. Sections are listed.

¹⁶ Ibid., 7.

¹⁷ Ibid., 29-33. Full text given.

By Article I of this instrument, the Weimar government undertook to accord to the United States:

all the rights, privileges, indemnities, reparations or advantages specified in the . . . Joint Resolution of the Congress . . . of July 2, 1921, including all the rights and advantages stipulated for the benefit of the United States in the Treaty of Versailles which the United States shall fully enjoy notwithstanding the fact that such Treaty has not been ratified by the United States.¹⁸

By this treaty, then, and by the resolution of July 2, peace between the German and American nations was once more officially restored. It will be noted, however, that it was a completely one-sided peace and one in which the very essence of America's post-war philosophy -- that of escaping from international obligations -- was boldly and fully set forth. Whatever rights the United States was to receive from the Versailles document, that is, the retention until further adjustment of seized German property, joint title with the other powers to the former German overseas possessions, such financial details as payment for occupying troops, and many other privileges -- these were retained. But the duties, above all of securing the peace through co-operation with the League of Nations -- these were rejected. America was indeed partaking of the fruits of peace, but was not giving anything to secure them for the future.

18 Ibid.

As might be expected, the separate peace with the Reich was met with widely varying degrees of public approval both in this country and in Teutonic Europe. Even before Congressional action was taken on the Knox resolutions, the attitude of the Democratic elements, which saw in this plan an abandonment of the Allies, was being countered with such statements as:

A separate peace, coming . . . after the baffling complications caused by the deadlock between the President and Senate, could not, except in the language of campaign buncombe, be characterized as a gross act of treason to the nation's allies.

and

[I]t was not the purpose of the Republican Administration advocates of the Knox resolution to embark on any project of separate peace with a view to leaving the Allies in the lurch.¹⁹

It was nevertheless agreed by the advocates of the treaty that:

there is always grave danger . . . that a separate peace would further weaken those relations with our allies which . . . had already been weakened to a deplorable degree. Against this danger it is peculiarly necessary to guard in view of Germany's persistent endeavor to escape her obligations under the Treaty of Versailles.²⁰

19 "Make the Separate Peace Harmless," Weekly Review, New York, National Weekly Corporation, IV, April 13, 1931, 330.

20 Ibid.

As a remedy for this, the suggestion -- not entirely heeded -- was made to

incorporate into the resolution a declaration which . . . should embody [a note placing] upon Germany the responsibility for the war, and the obligation to make reparation to the full extent of her ability. . . . An affirmation [also] of our support of the finality of the settlement at Versailles . . . would be of infinite value in the present situation in Europe.²¹

The controversy in the American press continued long after the treaty was completed. Pro-leaguers were prone to exclaim with the Pittsburgh Post:

Did we send two million men across the sea for a peace treaty that would omit any reference to the principles for which we fought?²²

In this same vein, the Memphis Commercial Appeal remarked that the silence of the treaty on the causes of the war and on Germany's conduct was "apologetic, shifty, and pusillanimous."²³ Finally, charging that the agreement aided the Germans to split the Allies, the New York World sarcastically noted:

German diplomacy for the last two years has recognized only one aim, which is the nullification of the Treaty of Versailles. . . . For all the practical purposes of Berlin the

21 Ibid.

22 "A Peace of Distanglement," Literary Digest, LXX, September 10, 1921, 12.

23 Ibid.

first wedge has been driven into the Treaty of Versailles, and the business of wrecking it can be carried on as prudence and opportunity dictate.²⁴

On the other hand, the St. Paul Dispatch saw a boon to American nationalism in the pact, for it considered it to be

the coup de grace to the supergovernment which would have set its foot upon the constitutional self-sovereignty of the United States and the ratification of the treaty will be the first positive expression of our government to replace the several negative evidences of our attitude toward the surrender of sovereignty to an international association.²⁵

Likewise, the New York Tribune thought that "a separate peace which suits us [is] better than a joint peace which would have tied us up to an unworkable League of Nations Covenant."²⁶

And lastly, Republican Senators Medill McCormick of Illinois and Porter J. McCumber of North Dakota appealed to America's good fortune in negotiating such a pact by saying, respectively:

The treaty epitomizes the return to sensible American diplomacy and normal, national, realizable ideals. Under it America, true to her tradition, assumes no political obligation in Europe. Her economic rights are everywhere safeguarded.²⁷

and

24 Ibid.

25 Ibid.

26 Ibid.

27 Ibid.

I am very favorably impressed with the treaty, especially the provisions which reserve our rights under the Versailles Treaty, which Germany has ratified without our having to ratify it ourselves or without our having to be bound by it.²⁸

The attitude toward the State Department in general, and more specifically State Secretary Charles E. Hughes who negotiated the treaty, was likewise divided. A word of praise for both was uttered by the Weekly Review when it opined:

[T]he impression is very real that our State Department is again operating in ways that the plain American can easily understand and approve.

and

Mr. Wilson -- despite his . . . ideals . . . retarded the progress of the world enormously. Americans are . . . beginning to appreciate what a magnificent record this country might have made for itself at the [Peace Conference] if someone of Mr. Hughes's talent and common sense had been our plenipotentiary at Paris.²⁹

The New Republic, nevertheless, dubbed the Department's work as "an affair of shears and paste pot," while the Indianapolis News predicted that it would be "ratified with a feeling of relief, but certainly not with a feeling of pride."³⁰

28 "Peace with Germany," New Republic, New York, Republic Publishing Co., XXVIII, September 7, 1921, 30.

29 "The German Treaty," Weekly Review, V, September 3, 1921, 201-202.

30 "Peace with Germany," New Republic, 30; "The Peace with Germany," Current Opinion, New York, Current Literature Publishing Co., LXXX, October, 1921, 413.

On the other side of the Atlantic in Germany, almost equally separated extremes of viewpoints were expressed, although for different reasons. Business interests in general rejoiced at the thought of the commercial opportunities which would accrue to them with the newly declared state of peace. For example, a "German government official" was quoted as saying:

Business will be benefited immediately. Under the technical state of war which existed businessmen hesitated to engage in contracts with alien enemies. There was nothing agreed relative to commercial treaties, nor the personnel of the German mission sent to the United States, but [now] we will send our ablest men.³¹

Similarly, Vorwärts agreed that

The continuance of a formal state of war very seriously hampered Germany's economic reconstruction. For this reason alone the signing of the treaty is an event of the utmost joyous import for Germany.³²

Opinions conflicted rather strongly, however, in regard to the benefits of the Berlin Pact over that of Versailles. One view maintained by the Deutsche Allgemeine Zeitung specifically favored its omission of "a whole series of oppressive conditions."³³ Too, some Germans saw in the American treaty a

31 "The Peace that Germany Won," Literary Digest, LXX, September 10, 1921, 18.

32 Ibid.

33 Ibid.

veritable blow at the Paris Diktat, while others, taking a middle position, asserted:

The United States makes numerous reservations and insists upon the advantages . . . of the Treaty of Versailles, but we [the Germans] will continue to act frankly upon the supposition that, although insisting upon 100 per cent of that Versailles Treaty, the United States probably will demand the actual execution of less than 50 per cent of the Treaty's provisions.³⁴

Finally, the more radical element violently opposed the pact. This group was probably well represented by the writings of Dr. Bernhard Dernburg in the Berliner Tageblatt which veritably charged: "We [the Germans] have swallowed the devil whole without considering the mixture we have drunk." Dernburg called the treaty "virtually a repetition of the Versailles violence,"³⁵ and characterized America's attitude of aloofness toward the territorial adjustment of Europe as a contradiction of her demand for equal privileges in mandate territory which was dictated solely by American oil interests.³⁶

The final link in the chain of official American friendship for the German nation was forged in mid-1922, when ambassadors from both powers were respectively exchanged. Dr.

34 Ibid.

35 Ibid.; "Peace with America," The Living Age, 8th Series, XXIV, October 15, 1921, 147-149.

36 Ibid.

Otto L. Wiedfeldt arrived in the United States on May 13, 1922. He was preceded in Germany by the American envoy, Alanson B. Houghton, a wealthy glass manufacturer who had gained part of his education there and had served in Congress from the State of New York. Houghton sailed in early April, having in mind, as he said, the former years of "peace and friendship which bound the American and German peoples, rather than the few years of war and misunderstanding which [had recently] separated them."³⁷ Although he was denounced by certain American Legion posts for his light interpretation of "misunderstanding," he nevertheless reaffirmed his peaceful intentions, remarking:

First and foremost, I do not believe in the moral or spiritual or even economic value of hate. Hate serves no useful purpose. It is far more dangerous to those who hate than to those who are hated. It leads only to confusion and destruction. The war is ended. The loser, to his ability, must foot the bill. But its causes, the apportionment of blame or guilt, are matters which, frankly, I for one will no longer discuss.³⁸

His attitude was praised by the New York Evening Post, which called him "right in refusing to enter upon his mission with a hymn of hate upon his lips."³⁹ This news-sheet refrained

³⁷ "Ties with Germany Renewed," Literary Digest, LXXIII, April 15, 1922, 14.

³⁸ Ibid.

³⁹ Ibid.

from emotionalism, however, by adding:

[Yet,] if there are any Germans in this country . . . who hope that this means a repudiation of the principles for which we sent a million men to fight . . . , they will soon be disillusioned. Any such attitude is as hostile to friendly relations between the United States and Germany as is [that] of those who criticise Mr. Houghton for being too conciliatory. There can be no upsetting of the results of the war. Nor will either country lose anything by realizing that their renewed association will benefit not only themselves, but also the entire family of nations.⁴⁰

Finally, both the Philadelphia Public Ledger and the New York World, referring to Mr. Houghton's appointment, set the stage for real German-American co-operation when they voiced, respectively:

It is about time that the world cleared its mind of the remnants of some of the more reckless war propaganda, and remembered that there are women and children in Germany and a new generation, and that something must be left of that vast liberal element that would have set up a real democratic government in Germany within a few years if it hadn't been deliberately overwhelmed and martyred in the war.

and

Peace with Germany has been restored; the time is past for fanning old passions as the best proof of patriotism. It is no disloyalty at this day to practise common sense and observe the ordinary rules of courtesy.⁴¹

Formal peace, then, was finally effected between the

40 Ibid.

41 Ibid.

United States and Germany in 1921. Yet, the three years which intervened since the armistice had not been entirely neglected as far as relations between the two peoples were concerned. This was especially true in the field of international commerce, the flow of which was resumed less than a year after the imperial surrender. Since such was the case, it might be well to consider this early trade before going on to that which developed after the Treaty of Berlin.

Correspondence regarding the renewal of commercial relations with the Reich originated towards the end of June, 1919 between the Department of State and members of the Commission to Negotiate the Peace, but serious discussion of the question did not begin until after conclusion of the Treaty of Versailles.⁴² By this time, there was already considerable concern over the added advantages which foreign nations, including the top Allies, might obtain if American commerce with the Reich were not quickly renewed, but at the same time it was not known for certain whether such ties could be set up before ratification of the treaty by the Senate. This latter doubt was caused by a stipulation in the Paris agreement itself which required ratification by Germany, by three chief allied powers, and by the country

42 Foreign Relations, 1919, II, 234.

wishing to trade with the new republic before such commercial bonds could be resumed.⁴³

In the main, the Peace Commissioners were much less perturbed by the situation than was the State Department. This was natural because the latter, pressed for "definite information as to when and by what means trade relations with Germany [could] be established,"⁴⁴ feared that postponement would give the impression that it was the administration's object thereby to influence the Senate's action on ratification. It must have come as a great relief to those in the Department, therefore, to learn that on June 26 the Council of Allied and Associated Powers agreed to raise the blockade around Germany as soon as the Reich alone had indorsed the treaty.⁴⁵

This last-mentioned condition was fulfilled on July 11, 1919 when the Versailles Pact was finally ratified by the German home government. Accordingly, on July 12 trade relations with that country were officially sanctioned by the War Trade Board of the Department of State, and all patents, commercial marks, and copyrights were made valid. Persons in the United States

43 "Trading with Germany Again," Current History, New York, The New York Times Publishing Co., X, Pt. 2, 432.

44 Foreign Relations, 1919, II, 234. This situation also prevailed in the Department of Commerce. Reports of the Department of Commerce: 1919, Washington, D.C., U.S. Government Printing Office, 1920, 282.

45 "Trading with Germany Again," Current History, 432.

were allowed now to trade and communicate with persons residing in Germany, subject, however, to limitations on dyes, dye-stuffs, potash, drugs, and chemicals produced in the Reich. In this last regard, the Secretary of State informed the Peace Commission that America was not

restricting Germany's general freedom to trade in dyes, [etc.], but merely controlling their import into the United States for purely domestic reasons.⁴⁶

The immediate effects of this commercial resumption for American and German merchants was a rush to negotiate whatever business transactions they could possibly make. To cite just a few instances of what occurred, it might be said that less than a week after the blockade withdrawal the Deutsche Bank, the largest private such institution in Germany, was already negotiating with several New York banks for re-establishment of German credits concerning interests in the United States.⁴⁷ Again, by July 18 the United States Shipping Board had already allocated ten cargo vessels for trade with Germany.⁴⁸ Likewise, trade relations with American concerns at Coblenz was soon "progressing rapidly," and it was reported that several important "deals" were being consummated.⁴⁹ Finally, the American Review

46 Foreign Relations, 1919, II, 239.

47 "Trading with Germany Again," Current History, 433.

48 Ibid.

49 Ibid.

of Reviews published a note in December, 1919, to the effect that:

An organization for the encouragement of trade with the United States, too, is in rapid progress of formation. One important section of it will deal with cotton, in connection with which the German papers of September [1919] report an elaborate scheme for the setting up of a new Cotton Trade Bank.⁵⁰

In contrast to some of the other European powers, however, American interests found themselves at several distinct disadvantages when it came to the actual procurement of business in Germany. In the first place, the American government continued to restrict the issuance of passports for commercial representatives to enter that country, and thus the only avenue open to them was through neutral nations. This defect was remedied after July 22, but before that it proved to be an annoying and often harmful bar to trade.

Secondly, the United States completely lacked a sufficient number of consuls in German cities to allow the clearance of vessels headed home with cargoes. Because of this deficiency, Herbert Hoover at one time took it upon himself to clear two ships at Hamburg, although he had no authority whatsoever to do so. The Commission to Negotiate the Peace, instead of urging

⁵⁰ "Public Opinion in Germany," The American Review of Reviews, New York, Review of Reviews Co., December, 1919, 635.

rectification of this trouble, was rather of the opinion that:

a few weeks' postponement of opening trade relations, even if other countries thereby obtain a slight . . . advantage, can hardly have permanent consequences.⁵¹

Yet, the State Department believed that

if the Allies can send consular or commercial representatives into Germany, even if only for a few weeks, the advantages gained would be great.⁵²

On July 18, 1919, therefore, this same source announced that it was "considering" sending consuls to German cities, although such appointments were not consummated until the following November 4. John Q. Wood, Emil Saur, and Francis R. Stewart were then dispatched to Coblenz, not, indeed, to perform ordinary consular functions, but simply to be in charge of necessary protection for American trade interests, and to supply information to the State Department and to businessmen in general.⁵³

This last-mentioned service was greatly improved two years later when the Bureau of Foreign and Domestic Commerce, a branch of the United States Commerce Department, opened an office in Berlin proper. Here, under the able guidance of Howard W. Adams and later Charles E. Herring, tremendous amounts of aid

51 Foreign Relations, 1919, II, 234.

52 Ibid., 235.

53 Ibid., 243-244.

were given to American merchants and their foreign agents to promote business and to locate purchase sources and sales markets. Investigations, for instance, were made into the German optical industry, into new German metallurgical processes, into the shipping situation, and into various other fields like that of sugar, automobiles, and vegetable fiber industries in the Reich. Monthly surveys were also prepared on subjects like those of "Currency Depreciation and Price Increases," "The Internal Value of the Mark," and others completed in 1922. Finally, the office at Berlin, which continued at least through 1925 to establish connections for exporters and to produce surveys of market possibilities and methods, was joined by a branch headquarters at Hamburg, so that even more advantageous trade could be carried on with the Germans.⁵⁴

In turning now to a consideration of the actual results of German-American business in the post-war decade, it might be well to pay attention at first to the period from 1919 to 1923. These years represented an era of gradually mounting inflation in the Reich, and therefore constituted a period of crisis, as it were, not only for German commerce with the United States, but also with the entire world. Whether or not these conditions

⁵⁴ Ninth to Thirteenth Annual Reports of the Secretary of Commerce: 1921-1925, Washington, D.C., US Government Printing Office, 1921-1925, 54, 115, 122, 86-87, 90-91, respectively.

were at all expected cannot be fully determined, but there is evidence to show that in 1919 merchants in general tended to be rather cautious in their attitude. In this country the realization was rather widespread, first of all, that a new basis for trade with Germany -- both in finance and in good will -- had first to be built up, and that, secondly, a lack of sufficient shipping would still exist for a long while. Thus, as President Alfred E. Marling of the New York Chamber of Commerce rather facetiously put it:

[W]omen are specially strong in [anti-German] prejudice, and if women will not buy goods, what's the use of the merchants buying?⁵⁵

The New York Tribune, too, painted a somewhat gloomy post-war commercial picture by predicting a period of at least five years before German trading power could equal the five-hundred million dollar mark which had been set as an all-time high in 1913. In fact, this newspaper went so far as to say that only about twenty per cent of this figure could be reached before 1925.⁵⁶

Nor was there any great optimism over American business among merchants and manufacturers in Germany. In fact,

⁵⁵ "Resuming Trade with Germany," Literary Digest, LXII, July 26, 1919, 12. Quotes the New York Journal of Commerce.

⁵⁶ Ibid., 13.

these men looked more to an exchange of goods over their eastern land borders than to trans-oceanic trade,⁵⁷ for they fully realized the impoverishment of their war-torn country. No merchant fleet, no colonies, nor indeed any settled exchange facilities were available to the Reich, and therefore, it was thought that little could be expected in the way of trade with the United States.

Surprisingly enough, the estimates of both these parties proved quite incorrect, for within a year after the blockade had been removed Americans and Germans were again doing business on an unexpectedly high scale. Record-breaking exports were made to Germany of American pork, beef, and other meat and dairy products, primarily because of the nutritional condition within the Reich. In addition, cotton and leaf-tobacco made up the bulk of such German imports for that year, while large purchases of chemicals, fertilizers, furs, sugar-beet seed, and chinaware caused American figures to rise from a monthly rate of approximately two hundred ninety thousand dollars in July to over three million two hundred thousand dollars in November. The totals for the completed fiscal year showed that Germany had had almost a ninety-three million dollar import trade with the

⁵⁷ Herbert T. Wade, ed., The New International Year Book: 1919, New York, Dodd, Meade and Co., 1920, 288-299.

United States, while sales to Americans reached slightly over ten and one-half million dollars.⁵⁸

It would seem, then, that German foreign trade with America was considered by people in the fatherland to be worthy of an all-out effort at re-establishment. This is especially apparent when the difference between post- and pre-war values are given consideration, for even though the new totals may seem insignificant in comparison with pre-war trade, the gain shown above is truly remarkable a feat, having been performed in the face of national exhaustion, urgent need for food, and a rapidly depreciating currency.

The remaining two years of German inflation were characterized by even more spectacular development in commercial relations between the two countries. For instance, a figure nearing four hundred million dollars expressed the total sales and purchases made by these peoples in 1920 and 1921.⁵⁹ When placed along side that of 1913,⁶⁰ a banner year for German-American trade, it represents a veritable comeback to almost three-fourths of the pre-war zenith. It is to be noted, of course, that these later statistics represent a much lower quantity of

58 Ibid.

59 "A Great and Growing American Trade with Germany," Current Opinion, New York, Current Literature Publishing Co., LXX, March, 1921, 402-403.

60 \$533,000,000.

goods than in the last pre-war year because prices on most materials and finished products had risen to higher levels during the intervening time. Finally, it might be added that, of all the Reich's former enemies, the United States was the only nation to reach so closely its 1913 commercial peak at this early date. Such a result was no doubt due to the higher purchasing power of the American dollar as compared to the less stable currencies of other countries.⁶¹

During 1922 and 1923, the boom of the two previous years was slightly deflated, apparently because the Germans were unable to deliver goods according to the terms of their contracts. These years witnessed a rapid fall in the value of the mark in that country, and there followed as a consequence a rising scale of wage payments. Nevertheless, the total of German imports from the United States for the earlier year mounted to almost forty-six million metric tons, while the Reich exported slightly half that amount to American ports. In 1923, after buying was stimulated by the introduction of the Rentenmark, German merchants were able to send an amount of products worth thirty-eight per cent over that of the previous year, or a sum of \$161,347,000. Of all the nations then supplying Ger-

61 Wade, New International Year Book: 1921, 278.

27

many, the United States ranked first; as a customer it occupied seventh place.⁶²

Toward the end of 1923 a new era began for German-American trade, primarily because of the stabilization of the mark within the Reich. This establishment of a sounder financial foundation created a renewed confidence among merchants of both nations, the ultimate result of which was the negotiation of a definitive commercial treaty between America and Germany in December of that year. The roots of this agreement lay, first of all, in the adoption by the United States a year earlier of a tariff policy of equal treatment,⁶³ and secondly, in the German obligation under the Treaty of Versailles to accord most-favored-nation treatment to the Allied and Associated Powers for a period of five years.⁶⁴ The time was ripe, therefore, to consider just such a pact as this.

Officially known as a Treaty Regarding Friendship, Commerce and Consular Rights,⁶⁵ the understanding reached on December 8, 1923 represented a "careful revision of American instruments in the light of modern conditions and recent experience."⁶⁶ Above all, it settled all the "diplomatic skirmishes

62 Ibid., 1923, 285; 1924, 292.

63 McClure, 691.

64 Foreign Relations, Paris Peace Conference, XIII, 549.

65 Ibid., 1923, II, 29-46. Full text provided.

66 McClure, 698-699.

which vexed the relations between [Germany and the United States] for half a century,"⁶⁷ and formed an entirely new basis for the economic relations between those nations. Besides the routine regulations pertaining to the personal status of German and American residents and consuls in the country of the other, the pact particularly concerned itself with provisions for navigation and the exchange of goods between the two powers. As one source put it:

The parties grant[ed] to each other by Article VII the most-favored-nation treatment in regard to duties and taxes on the importation of all goods grown, produced, or manufactured in the territory of the other, no matter whether such most-favored-nation treatment [was] granted to [a] third country on condition of reciprocity or otherwise.⁶⁸

Moreover, a special stipulation was included in the treaty which prohibited the collection of a surtax on the flag, that is, it forbade any type of discriminatory treatment of commodities imported in foreign vessels as compared to the same if introduced in ships of the country of destination.

The Senate, when it was given the opportunity to pass judgment on this agreement, vigorously objected to the last-mentioned provision, for it claimed that the right of the United

67 Ibid.

68 E. Posse, "Germany and the United States in the Light of their Commercial Policies," German Commerce Yearbook: 1928, Berlin, Struppe and Winckler, 1928, 19-26.

States government to grant preferential tariffs and duties on goods which were imported under the American flag was thereby interfered with. These objections were based upon special measures embodied in the Merchant Marine Act of 1920,⁶⁹ and were directed towards such commitments which appeared to weaken American efforts to establish a large merchant marine fleet. The Senate, nevertheless, gave its approval to the treaty, adding, however, a clause which limited to twelve months the period in which privileges might be shown to German navigation. If not then terminated on ninety days previous notice, such rights were to remain in force only two months after the enactment of American legislation cancelling them.⁷⁰

Some criticism of the Senate's action appeared in various newspapers and periodicals throughout the nation, but there was no serious controversy over the matter. The editor of the Philadelphia Inquirer, for example, thought that such congressional "tacking on" was "taking away from the President the discretion he had hitherto exercised."⁷¹ Again, the Philadelphia Public Ledger claimed that

This reservation, in effect, gives to Con-

⁶⁹ Wesley L. Jones, "Merchant Marine Act of 1920," Proceedings of the Academy of Political Science, The Academy of Political Science, Columbia University Press, IX, February, 1921, 233-242.

⁷⁰ Posse, 19-26.

⁷¹ "A Treaty with a String to It," Literary Digest, LXXXIV, February 28, 1925, 14.

gress a year hence the power to levy discriminating tariffs which will favor American shipping. It naturally gives Germany the right to favor German shipping in a similar manner . . . [If this is done among all nations] it may . . . signalize an international tariff war of considerable proportions in which the United States may or may not come out [on] the preferable end of the horn.⁷²

The treaty itself, however, was considered by the Providence Journal to be "another important step toward the restoration of pre-war relations with the German government."⁷³

In the final analysis, of course, opinion meant very little, for the pact had already been signed and, though delayed, went into effect on October 14, 1925. Its significance lay in the American acceptance of an unconditional interpretation of its most-favored-nation policy, a development which harmonized with that nation's Open Door attitude and which constituted one more step toward the establishment of equality in the world's trade conditions.⁷⁴ Finally, it remained as a basis for friendly intercourse between America and the Reich throughout the period of the Republic, for the Senate's power of discrimination was never used against incoming German ships.

From 1923, then, until well after 1930 German-American

72 Ibid.

73 Ibid.

74 McClure, 701.

commercial relations were guided by the provisions agreed upon in the treaty made at the close of the inflation period in the Reich. As indicated in the diagram below,⁷⁵ trade between the two nations grew to a considerable degree in the seven years

YEAR	GERMAN IMPORTS FROM THE UNITED STATES	GERMAN EXPORTS TO THE UNITED STATES
1924	\$ 579,676,386	\$ 139,258,435
1925	634,595,756	164,251,523
1926	420,000,000*	158,000,000*
1927	492,645,000	184,425,000
1928	483,554,000	189,908,000
1929	410,258,652	254,673,542
1930	300,000,000*	

thereafter, always remaining, however, in favor of the United States. Nevertheless, it can be readily seen that a gradual

⁷⁵ Compiled from statistics given in the New International Year Book: 1925-1931, 281-282, 312-313, 295-296, 333-334, 356-357; and Commerce Yearbook: 1926-1930, Washington, D.C., U.S. Government Printing Office, 1927-1931, II, 263, 279, 288-289, 299, 247. (*) indicates an approximation only.

levelling-off process manifested itself in the same short span, so that in general, a distinct rise in German exports to American buyers paralleled a similar decrease in purchases made in this country. The chief factor in this development, of course, was Germany's determined effort to acquire a "favorable balance of trade," that is, a margin of exports over imports, in order to continue reparation payments. Only in 1929 and 1930 did the Reich succeed in accomplishing this goal in her all-over commercial transactions,⁷⁶ although this was not apparent in her trade with America.

Finally, it might be stated that throughout the years from 1923 to 1930 American commerce with Germany continued to remain greater than any other nation's business with that same power, yet as a buyer this country usually ranked third. This may have been due in part to the enormous tariff rates required by the United States, many of which were set at twice the level of those found in Germany. The American government, however, consistently followed this same policy throughout the 1920's, always refusing to consider any agreements regarding such duties.⁷⁷

In summary, then, much evidence seems to exist to

76 "German Foreign Trade for 1930," Current History, XXXIII, March, 1931, 941-942.

77 Posse, 19-26.

show that both the diplomatic and the commercial relations involving the United States and the new German Republic progressed steadily throughout the immediate post-war decade. They seemed, indeed, to parallel the growing spirit of friendliness described in an earlier part of this thesis. Yet, in order to make a final judgment in this matter the task still remains to briefly scan at least one other facet of the subject under investigation. The next chapter, therefore, shall deal with the very important topic of German-American relations along the lines of finance and reparations.

CHAPTER IV

GERMAN-AMERICAN FINANCES AT HOME AND ABROAD

German-American financial relations in the first decade after World War I were concerned, for the most part, with the solution of two fundamental problems. First of all, there existed the complicated issue of balancing the payment of American war claims against the return of German property sequestered and held in trust by the United States government. The other problem, even more intricate, involved the participation of American financial experts and moneyed interests in aiding the Reich to fulfill the reparations obligations heaped upon it by the Treaty of Versailles. Naturally, either of these matters, if explained in full detail would require a greater amount of time and space than are afforded by this investigation, and therefore only a brief resume of the facts concerned will be attempted here.

The origin of the alien property tangle lay in American legislation enacted for the purpose of national defense in 1917. For instance, on October 6 of that year Congress passed the Trading with the Enemy Act which authorized the President to regulate and freeze monetary, credit, or trade transactions

and to seize and hold property belonging to enemy aliens. This control was designed, on the one hand, to prevent the hostile use of such foreign holdings against the United States, and on the other, to conserve them for their owners until such time as they could safely be returned. Above all, the possessors of goods so seized were not considered as having been deprived of their ownership, but rather, as A. Mitchell Palmer, the first Alien Property Custodian, asserted, such property was merely placed under

the authority of a common-law trustee; there is no thought of a confiscation or dissipation of property thus held in trust.¹

Nevertheless, at his own request, Palmer's powers were enlarged on March 28, 1918 to include "managing" the estates and such other holdings as were entrusted to him, so that he might "do any act or thing in respect thereof or make any disposition thereof . . . as if he were the absolute owner."² The custodian then garbed himself in an American flag, proclaimed his status as a "fighter on the industrial front," and accordingly pledged the "complete eradication" of all German influences in enterprises under his control, promising "their thorough neutraliza-

¹ Frank P. Huddle, "Enemy Property," Editorial Research Reports, II, July 7, 1945, 10.

² Ibid.

tion into an American character."³ Thereafter, and for the next three years, or until the technical state of war with Germany was declared ended, Palmer continued to liquidate alien property with little or no regard for the consequences to follow.⁴

In August, 1921, when America made her separate peace with the Reich, the following provision was contained in the Treaty of Berlin:

All property of the Imperial Government, or its successor . . . , and of all German nationals, which was, on April 6, 1917, in or has since that date come into possession or control of . . . the United States of America shall be retained by [this nation] and no disposition thereof made, except as shall have been . . . or shall be provided by law until such time as the Imperial German Government . . . or [its] successor, shall have . . . made suitable provision for the satisfaction of all claims [made] against [it by injured American citizens].⁵

Under the terms of this pact, then, the United States government undertook to hold as security against the payment of American claims great amounts of enemy property. An estimate of this vast treasure might be gained from a list provided by Literary Digest in which the government was credited with having seized

3 Ibid.

4 Ibid., 10-11

5 Foreign Relations, 1921, II, 30.

about 31,818 pieces of enemy property. Of these trusts there [were] 29,606 valued at less than \$10,000, 1,052 between \$10,000 and \$50,000, 498 between \$50,000 and \$250,000, 162 between \$250,000 and \$1,000,000. The total . . . [was] valued at more than \$400,000,000, and the property embraced [was] scattered over continental United States and [its] insular possessions. It consisted of industrial plants, inclusive of chemical and woolen mills, steamship lines, banks, land and cattle companies, salmon factories, mines of gold, silver, and other metals, and thousands of parcels of real estate and trusts represented by securities and liquid assets.⁶

With this in mind, then, it should not be surprising to learn that, shortly after this treaty was made public, a long and involved controversy ensued in the nation's press over the validity of holding such sequestered German property as a hostage in order to influence the fulfillment of obligations by the German government.⁷ On the one side there were those individuals who advocated a complete return of all assets held to the private persons concerned, for according to an American treaty with Prussia in 1828:

merchants of one state resident in the other [were to be] given nine months to collect their debts and to settle their affairs, and [were to] be allowed to depart freely, carrying all their effects with them.⁸

6 "Doubtful Fate of Alien Property," Literary Digest, LXXXIV, July 15, 1922, 14-15.

7 An excellent comprehensive view of this problem is contained in "The Alien Property Question," Congressional Digest, Washington, D.C., V, December, 1926, 327-358.

8 "The German Patents," New Republic, New York, New Republic Publishing Co., XXVI, July 19, 1922, 202-203.

In contradiction to this guarantee, the New Republic observed, for instance, that numerous German patents were seized during the war and sold for their "full value or for a song." These possessions, it claimed, were "private property and more," for they served the purpose of control. As private possessions, then, this source unstintingly called for their return to their rightful owners. It denounced the idea that German violations of the same treaty, which provided for immunity of American property at sea, gave the United States government the right also to violate its obligations. Moreover, the periodical called attention to the fact that business interests of this country would be greatly harmed if America were to set the precedent of reverting to confiscation in wartime.⁹

In a like manner, the Nation accused the Alien Property Custodian of not "Americanizing" any of the 4,800 German patents mentioned above because of war emergencies, but rather to enable American manufacturers to emasculate their foreign competitors. Said this magazine:

The action was not a war-measure but bald commercial spoliation sugar-coated with patriotic phraseology.¹⁰

9 Ibid.

10 "Are We Americans Thieves?", The Nation, CXVII, August 1, 1923, 104.

As proof of its statements, this periodical noted how, in 1923, eighty-seven American firms manufactured annually 64,632,187 pounds of dyes, while nine years earlier only seven companies had been able to produce 6,619,729 pounds.¹¹ Finally, the Nation sarcastically asked whether it "was to the office of Alien Property Confiscator or Alien Property Custodian that Mr. Palmer and his successors were appointed," and asserted that whatever gains Americans were reaping in lower prices were based on robbery and thus rooted in dishonor. It hoped that such ignominy would not be allowed to further tarnish the good name of the United States.¹²

On the other side, there were advocates, not only of holding enemy property until American claimants received recompense for losses before and during the war, but also of actually reimbursing injured citizens from out of this very German property itself. The Literary Digest, to cite one example, noted how seven years had already passed and no settlement had been made for losses inflicted in the Lusitania disaster. It pointed also to the fact that there had been a confiscation of United States property in Germany similar to that carried on in this country, of which Americans had "got nothing back, except a delusive and insulting offer to pay at the present value of the

11 Ibid.

12 Ibid.

German mark."¹³

Opinions on this same matter came also from leading spokesmen in government and business. For instance, from Senator Oscar W. Underwood of Alabama came the assertion that German demands for the return of certain dye and drug patents now held in the United States were apparently an entering wedge whose purpose was to deprive the Americans of all the collateral retained as security for payment of claims against the former enemy. The Senator therefore suggested in Congress that American claims be satisfied out of the property in the hands of the Alien Property Custodian, starting first with the liquidation of German government property and then resorting to the sale of that of individual German nationals.¹⁴ A. Mitchell Palmer, since removed from his position as custodian, agreed with Underwood, remarking:

The Underwood bill is entirely feasible and an entirely proper method under the Treaties and the Trading with the Enemy Act.¹⁵

Probably the most noted authority to take the same stand was Samuel Flagg Bemis, then professor of history at Whitman College in Washington state. Said Bemis:

¹³ "Uncle Sam to Hand Fritz His Bill," Literary Digest, LXXIV, August 12, 1923, 14.

¹⁴ Ibid.

It is useless to speak of collecting anything from Germany unless out of this sequestered property. This can easily and honorably be done¹⁶

He further noted that it was "needless to add that [if the property was actually returned], it [would] be taken over by the Allies to satisfy the unextinguished claims of their subjects."¹⁷

Bemis's main argument hinged on the difference between the meaning of confiscation and that of sequestration, the latter of which he defined as "a milder procedure which recognizes the title of . . . property to be held in trust for the owner." The American government, he claimed, had only used the second means, and then, only against merchants living in Germany. In this last connection, he quoted James W. Garner, an authority on international law, as being of the opinion that:

It does not . . . appear that the property of any German subject residing in the United States . . . was seized or sold.¹⁸

He claimed, therefore, that no violations of the 1828 pact could be charged.

In general, then, Bemis favored the use of enemy property as payment for American war claims. Yet, to "avoid an ac-

¹⁶ Samuel F. Bemis, "Shall We Forget the Lusitania?", The Outlook, CXXXI, August 30, 1922, 710-713.

¹⁷ Ibid.

¹⁸ Ibid. From James W. Garner, "Treatment of Enemy Aliens," American Journal of International Law, XII, October, 1918, 765-766.

cusation by Germany of "veiled confiscation"," he recommended the setting up of a joint claims commission, but with the understanding that all claims awarded to American claimants would be paid out of German property then in sequestration, with the balance returned to the Reich.

Bemis, it seems, had a keen insight into the whole controversy over alien property, for his suggestions were, in part, being carried out at almost the same time as they were offered. On August 10, 1922, the German and American governments established a Joint Mixed Claims Commission which was to adjudicate debt claims of American citizens against the German state, to process claims for property of such persons "arising since July 31, 1914, in respect to damage to, or seizure of, their property, rights, or interests," and to handle other demands for "loss or damage to which the United States or its nationals [had] been subjected."¹⁹ The functions of this commission, then, were identical with those assigned in the Versailles Treaty to the Reparation Commission, the Clearing Offices, the Mixed Arbitral Tribunal, and other groups for investigating claims.²⁰

¹⁹ Huddle, "Enemy Property," 11; Foreign Relations, Paris Peace Conference, XIII, 627-630; 1922, II, 240-265.

²⁰ Foreign Relations, Paris Peace Conference, XIII, 627-630.

For some time afterwards the German possessions in question were still withheld from their owners, Secretary of State Hughes being of the mind of Underwood, Bemis, and others. As a result, much criticism was heaped upon his head for this stand, especially in the American papers. The Nation, in mid-1922, referred Hughes to Alexander Hamilton's Nineteenth Camillus Letter, and asked him to note its legality, particularly 'after his preaching against confiscation in Mexico and Russia.²¹ It commended the House of Representatives for ignoring the State Department head and approving a bill, later known as the Winslow Act, which authorized the return of some twenty-eight thousand alien property trusts of less than ten thousand dollars each, and to pay an equal sum on all holdings of larger value.²² Yet, even this was attacked by the New Republic which pointed out that such returns, while eliminating ninety per cent of the trusts then held, still retained ninety per cent of the property. It contained an appeal for a total restoration, saying:

Every consideration, . . . morality, national tradition, treaty, international law, express promise, and self-interest, urge upon Congress the duty to . . . return all of the

21 "National Honor: Hughes vs Hamilton," The Nation, CXVII, August 8, 1923, 131.

22 Huddle, "Enemy Property," 13.

sequestered property.²³

The alien property tangle continued in this fashion for the entire first post-war decade. Late in 1923, however, the Germans began to submit payments both on awards made by the Mixed Claims Commission and on their war obligations to the United States government, the latter reaching about twenty million dollars. Returns of property approximating half of that sum were made to citizens in the Reich that same year, while in 1924 and 1925 these payments rose to thirteen and fourteen million dollars, respectively.²⁴ By 1932, a total of sixty-one million dollars had been paid in this fashion. The Winslow Act further required the return of all patents, copyrights, and trade marks vested by the Alien Property Custodian and still in his possession. The number of non-remitted patents left in 1923 was 5,186, all of which were back in German hands before the end of 1928.

Throughout the Coolidge Administration, however, proposals for returning all property to the nation's former foes were constantly and consistently opposed by the American Claimants Association. Consequently, a compromise was reached in

²³ "The Sequestered Alien Property," New Republic, XXVI, August 2, 1922, 269-270.

²⁴ Huddle, "Enemy Property," 13.

March, 1928, when the Congress authorized the Settlement of War Claims Act. By this agreement, Americans still unindemnified were awarded one hundred thousand dollars on each of their claims plus eighty per cent of the remainder. German claimants, on the other hand, were allowed eighty per cent of all their valid claims, the other twenty per cent going to pay American requests.²⁵

Thus, a total of forty-three to eighty-six million dollars were remitted to German claimants in 1929 and 1930, respectively, with a grand aggregate of \$175,953,813 having been paid by 1932. At the same time, property valued at approximately \$613,387,500 was disposed of, so that by mid-1935 the outstanding claims of German nationals amounted to less than sixty-two million dollars, and unpaid American awards totalled something near fifty-eight million dollars. An agreement providing for the discharge of Germany's war indebtedness to the United States was signed on June 23, 1930, but since no payments were made after September, 1931, it seems unnecessary to explain this latter pact.²⁶

The final topic which shall be considered in this the-

25 Ibid. These funds were to be replaced by either a Congressional appropriation, or by future payments made by the German government.

26 Ibid.; Foreign Relations, 1930, III, 106-109.

sis is that of America's relationship to the greatest enigma of the 1920's -- the settlement of the German reparations problem growing out of World War I. Actually, this entire issue should have been confined to the European continent,²⁷ for Americans asked no part in the war indemnity nor did the nation participate in the Reparation Commission, but due to the position of the United States as a major power and the world's top creditor,²⁸ this country soon found itself almost as deeply involved in the reparations dispute as did Germany herself.

Probably the first real contact in this matter between the American nation and that of the Germans occurred in early 1921 when Dr. Walter Simons, the German Minister of Foreign Affairs, made mention of an international loan to Ellis Dresel, the American commissioner in the Reich.²⁹ The loan, argued Simons, was necessary to bolster German credit, which undermined by the general mortgage clause of the Treaty of Versailles, was in need of resuscitation in order to pay the one hundred thirty-two billion marks³⁰ asked by the Allies in reparations. Speak-

27 President Hoover stressed this point in his press statement of June 20, 1931, in which he announced American proposals for a world-wide moratorium. William Starr Myers, ed., The State Papers and other Public Writings of Herbert Hoover, Garden City, New York, Doubleday, Doran and Co., 1934, I, 593.

28 Brooks, 129, sets America's outstanding credits in 1919 at \$12,000,000,000.

29 Charles P. Howland, American Foreign Relations: 1928, New Haven, Yale University Press, 1928, 342-344.

30 \$31,500,000,000.

for the American government, Secretary of State Hughes declined to act on the German suggestion, adding that this country held Germany guilty for the war and believed in total reparation for damages done. Hughes advised, instead, a renewed attempt by the Germans to deal directly with the Allies for settlement of their difficulties.³¹

Later in 1921, the German government again appealed to the United States, this time in the person of President Harding,³² to mediate the reparation question and to fix the sum to be paid by the Germans to the Allies. Full co-operation was promised. The State Department refused this second request, saying:

This government could not agree to mediate the question of reparations with a view to acting as umpire in its settlement. . . . [But if] the German government will promptly formulate such proposals as would present a proper basis for discussion . . . [the United States] will consider bringing the matter to the attention of the Allied Governments. . . .³³

After this episode, little was heard of the reparation quarrel in American circles until August, 1922. A new appeal was then sent to Washington from the Reich, this time in quest of United States intercession with the Reparation Commission to accept German pledges of payment.³⁴ Still quite aloof, the

31 Foreign Relations, 1921, II, 37-40, 49.

32 Ibid., 40.

33 Ibid., 44.

34 Ibid., 1922, II, 160.

State Department expressed its adamant unwillingness to accept this responsibility. The condition of German finances, in the meantime, continued to grow so grave that even such a prominent American as Thomas W. Lamont of J.P. Morgan and Company refused to take any initiative in the matter of strengthening them. Strangely enough, Lamont seemed to look for action from the government on the whole issue of reparations.³⁵

He was not far from wrong, for in October authorities in the nation's capital advised the setting up of a businessman's committee to solve the problem, but French opposition caused the shelving of the entire matter until the year's end. Only on December 29, 1922 did the first really significant action come from this country when Secretary Hughes addressed the American Historical Association in New Haven partly as follows:

What is our attitude toward the question of reparations . . . ? . . . Some of our people have suggested that the United States should assume the role of arbiter . . . [but since] we have not been asked . . . it would be an extraordinary and unprecedented thing for us to ask for such an invitation. I do not think that we should endeavor to take on such a burden of responsibility. We have quite enough to bear without drawing to ourselves all the ill feeling which would result from disappointed hopes and a settlement which was viewed as forced upon nations by this country which at the same time is demanding the payment of its debts. If . . . statemen cannot agree . . . what can

35 Ibid., 165.

be done?

Why should not they [statesmen] invite men of the highest authority in finance in their respective countries -- men of such prestige, experience and honor that their agreement upon the amount to be paid, and upon a financial plan for working out the payments, would be accepted throughout the world as the most authoritative expression obtainable? . . . I have no doubt that distinguished Americans would be willing to serve on such a commission.³⁶

Sanity, however, was thrown to the winds, and with it the American suggestions, when the French seized the Ruhr valley on January 11, 1923. Reparations from the Reich were meant to be forcefully exacted and thus the plan of the previous year somewhat faded into obscurity. American opinion leaned, on the one hand, from delight in the French action to condemnation, on the other, of the Ruhr policy as rendering impossible the recuperation of Germany's finances and the impairment of all Europe's economic rehabilitation.³⁷ Action by the Harding Administration was demanded in a few cases, but no such official move was ever made. Indeed, as was mentioned earlier, American troops were even removed from the Rhineland at this critical time.

In May, 1923, the idea of an experts' committee was again revived, this time by the German government itself.³⁸

36 Charles G. Dawes, A Journal of Reparations, London, Macmillan and Co., 1939, 241-244.

37 Foreign Relations, 1923, 52-53.

38 Ibid., 57.

Hughes temporarily favored a conference solely between the French and the Germans, but later³⁹ agreed to American participation in a general series of talks if such could be arranged unofficially. On December 7 the plan was finally agreed upon and the Reparation Commission decided to appoint two committees to investigate the whole reparations issue, the first to seek a balance of the German budget and a stabilization of the Reich's currency, and the second to estimate the flow of capital from Germany in order to force its return.⁴⁰

On the very day that the Reparations Commission formed the above committees, the Germans officially requested American representation on that group to which was entrusted the Reich's budget and currency problem.⁴¹ Accordingly, through the able intervention of James A. Logan, sole American observer on the commission, consent of the United States was secured,⁴² and invitations were sent during the following month to the American delegates. Among these were General Charles G. Dawes, a well-known Chicago financier and later Vice-President of the United States, and Mr. Owen D. Young, an experienced lawyer and busi-

39 Mid-October.

40 Foreign Relations, 1923, II, 104. Only the work of the first committee will be considered here.

41 Ibid.

42 Carl Bergmann, The History of Reparations, Boston, New York, Houghton Mifflin Co., 1927, 221.

nessman, both of whom were asked to join the first committee.⁴³ These experienced financiers, together with a number of others from England, France, Italy, and Belgium, a group popularly known as the Dawes Committee, worked assiduously for three months beginning in mid-January, 1924 in order to prepare the plan which they laid before the Reparation Commission on April 9.⁴⁴

The Dawes Plan, as this recommendation came to be called, was readily accepted by that body, by the Allies at the London Conference of July-August, 1924, and ultimately by the German government itself. Briefly, it was merely a provisional⁴⁵ solution to the reparation nightmare, for it emphasized the fact that no definite sum was or could, at that time, be settled for total payments. Nevertheless, the scheme had its merits for it "replaced the fantastic annuities of former plans by amounts which seemed bearable -- at least for a few years,"⁴⁶ thus assuring a quiet period between Germany and the Allies for a short time to come. Again, it acknowledged the Weimar government's need for a period of financial rest, and thus provided for a

43 Dawes, 246.

44 Gustav Stolper, German Economy: 1870-1940, New York, Reynal and Hitchcock, 1940, 168-225. Text in Dawes, 278-511.

45 Said Dawes himself: "The only thing definite about the Dawes Plan is the fact that it is not definite." Otto Hoetsch, Germany's Domestic and Foreign Policies, New Haven, Yale U. Press, 1929, 69.

46 Stolper, 168-225.

span which included not only a time of quasi-total indulgence, but also one of merely partial resumption of payments. Reparations annuities were therefore reduced to one billion gold marks for the 1924-1925 fiscal year, and only gradually raised to two and one-half billion marks in the "normal year" of 1928-1929. Above all, an eight hundred million mark reparation loan, internationally subscribed, was authorized for the revival and stabilization of German currency.⁴⁷

In the Dawes Plan, then, came the culmination of a long series of mixed American gestures and efforts to aid Germany in solving the reparations dilemma. In fact, one publication of the day went so far as to say:

. . . in many ways the most convincing participation of the United States in international problems apart from those admitted as such is associated with the settlement of the reparation question. Beginning with an address by Secretary Hughes at New Haven in 1922, and running down through the exchanges of opinion between London and Washington in the Fall of 1923, to the work of the Dawes committees themselves, the settlement of the reparations problem has been a matter in which the United States has been the prime-mover and more influential factor.⁴⁸

This same source, however, adds the appropriate comment: "That this action has been 'unofficial' reveals not so much the nature

47 America's participation in this and other German loans during the 1920's shall be considered presently.

48 "The Myth of American Isolation," Current History, XXI, November, 1924, 205-206.

of the attitude of the Washington government."⁴⁹ Such a criticism was undoubtedly true, for the Germans were most assuredly able to look to Americans as having been closely associated with the whole Dawes idea, but not to America as such. Regarding the reparations almost as "tainted gold," the Washington government was silent, reserved, and non-committal throughout all discussions on the subject of war payments.⁵⁰ It merely, closed its eyes, so to speak, in order to allow its citizens to aid in reaching a solution. An insight into the administration's mind in this matter might well be gained from a passage spoken by Secretary of State Hughes who, while in London in July, 1924, explained:

You may count on our interest and assistance in the necessary measures to assure the economic rehabilitation of Europe. It does not matter that this aid is not given by the Government. Without wishing to say anything controversial on this subject, I may give it as my conviction that had we attempted to make America's contribution to the recent plan of adjustment a governmental matter, we should have been involved in a hopeless debate, and there would have been no adequate action. We should have been beset with demands, objections, instructions. This is not the way to make an American contribution to economic revival. You have the Dawes Plan, and you have the participation of American experts with the liberty of constructive effort, which was essential, because it was undertaken in the only

49 Ibid.

50 Henry L. Stimson and McGeorge Bundy, On Active Service in Peace and War, New York, Harper and Bros., 1948, 202.

way in which success was possible.⁵¹

Similarly, President Coolidge, in commending General Dawes upon his splendid work, remarked:

. . . had you been representing the government you would have been hampered, and no doubt your proposed action would have become the object of political controversy here. I have said that you and your associates have represented not the Government, but the American mind.⁵²

Finally, it might be added that both Germany and the United States gained as well as lost much in the extended operation of the Dawes Plan. Immediately upon the floatation of the Reparation Loan in October, 1924, an era of prosperity, unequalled in the history of the Reich, came into existence, and all phases of German economic life hummed with activity for the next five years.⁵³ Nevertheless, it proved in the end to be an illusion only, for the Weimar state, living as it was on borrowed money, remained in existence and paid its reparation dues only so long as its financial veins were supplied with fresh loans from abroad. When, in 1929 and 1930, the flow of credits was suddenly halted, the whole house of cards collapsed, and Germany flung open its doors to National Socialism.

51 Charles E. Hughes, The Pathway to Peace, New York, Harper and Brothers, 1925, 108.

52 Dawes, 247.

53 A comprehensive study of this phase of German economy is presented in James W. Angell, The Recovery of Germany, New Haven, Yale University Press, 1929, passim.

The United States, too, reaped a similar fate, for after waging a long diplomatic battle with the Allies,⁵⁴ America succeeded in tapping the reparations annuities paid by Germany as compensation for cost of the American occupation troops in the Rhineland and as payment of certain war claims still not remitted by the Weimar regime. All in all, such monies netted this nation almost ninety-two million dollars from Germany in six annual installments between 1924 and 1930.⁵⁵ Yet, like the Reich, the United States, too, eventually was laid low by the world depression which began in 1929 and which is known today to have been due in large part to the international financial policies following the Great War.

In matters of reparations, then, America was almost as closely connected to Germany in the post-war years as she was to her wartime associates. This affiliation is even more emphatically revealed when attention is drawn to the amount of aid -- in actual dollars and cents -- which Americans accorded to German interests during the years between 1921 and 1930. Consequently, it might be well to briefly scan the situation as it concerned American loans to the Reich at that time, especially

⁵⁴ Foreign Relations, 1924, II, 1-124; 1925, II, 133-163; 1926, II, 156-163; 1927, II, 722-724.

⁵⁵ Charles R.S. Harris, Germany's Foreign Indebtedness, London, Oxford U. Press, 1935, 93. Cites the Economist, Reparations and War Debts Supplement, January 23, 1932.

since the latter formed such an integral part of the entire reparations picture.

Post-war financial relations between the United States and Germany fell into two rather well defined phases, one extending through the year 1923 and the other beginning the next year with the Dawes Reparation Loan. During both periods, the stability and trustworthiness of German currency played the leading role in determining the extent of American lending, although distrust in this country of European "political scheming" and a homespun sentiment against foreign entanglements were likewise important in this matter.⁵⁶

Prior to 1924 very little long-term investing was done by Americans in German interests. In fact, during 1919 and 1920 even Herbert Hoover, in trying to solicit credit outlays from both the government in Washington and from individual bankers for purposes of German economic rehabilitation, was largely unsuccessful.⁵⁷ The only loans then accorded to the Reich were privately placed issues which were mustered by German sympathizers in the United States and by a limited number of conservative souls who were vaguely confident of Germany's quick recovery. All in all, between five hundred million and a billion dollars

⁵⁶ Brooks, America and Germany, 129.

⁵⁷ Ibid., 131-130.

came to be invested in the Reich before 1923 when the great inflation caused most of these American securities to become entirely worthless.⁵⁸

Toward the end of 1923, of course, came the "miracle of the Rentenmark," and once more German currency became stabilized. Within six to eight months foreign credits, mostly from the United States, once again began flowing into the fatherland, so that even before the Reparation Loan was floated in October, 1924, several German firms such as the Sugar Industry, the German Potash and Rhine-Westphalia Coal Syndicates, the North German Lloyd, the Dye Works, and the German Petroleum Company were able to raise some funds under short-term contracts.⁵⁹

As was mentioned previously, the Dawes Committee, in its proposed solution of the reparations muddle, had advised the funding of an international loan to the Reich as a means of improving the trustworthiness of its finances. Negotiations for the carrying out of this gigantic enterprise were held at the close of the London Conference of 1924, a special parley which had met to consider the acceptability of the Dawes Plan. For some time a waiting attitude was assumed by a number of American

⁵⁸ Ibid., 140. Harris, in his Foreign Indebtedness, 3, sets the amount at 11 milliards (billions) of Reichsmarks.

⁵⁹ Robert R. Kuczynski, American Loans to Germany, New York, The Macmillan Co., 1927, 4.

and British bankers who, during the conference, had demanded that the proposed loan be more strictly guaranteed against political complications than was provided by the experts' report. This situation, however, lasted only until late September, when discussions were resumed, this time between representatives of the Allies and those of the Germans. The former were represented by agents of John Pierpont Morgan and Company and of the Bank of England, while the German delegates included Dr. Hjalmar Schacht, president of the Reichsbank, and the finance minister, Dr. Hans Luther.

Negotiations for the Reparation Loan, which Bergmann says were "brief and more or less dictated,"⁶⁰ culminated in the signing of a final agreement on October 14, 1924. This pact provided for the issuance of an eight hundred million mark loan, internationally subscribed, to the German Republic, for which an annual interest rate of seven per cent was to be paid by the receiving party. America, with its surplus of uninvested capital, was induced, by strict security measures in the Dawes Plan, to accept a tranche of one hundred ten million dollars, while smaller quantities were assumed by the British, the French, and others. Four days later, the American securities were placed on sale by J.P. Morgan and Company in New York, and indications of

60 Bergmann, History of Reparations, 280.

success were immediately apparent.⁶¹

German credit stabilization, then, plus the added impetus of the Dawes Reparation Loan, signalled the beginning of a long period of intense financial intercourse between the Reich and America. For six years following 1924 immense quantities of credit passed from the United States to German interests abroad. Most of the earlier advances were given in the form of short-term loans, but as soon as it appeared certain that German finances were not open to further inflation, numerous long-term contracts were likewise negotiated.

The question now arises as to whom, specifically, did most of the American money go. It would be almost impossible, of course, to list individually even the chief recipients of such funds, but a classification of types of German borrowers can easily be given. There were, in general, four groups who floated loans outside of Germany: first, the German government at Berlin; second, individual states and municipalities; third, various large industrial, commercial, and financial organizations; and finally, innumerable private establishments such as religious groups and small banks.⁶²

61 Ibid.

62 Robert R. Kuczynski, Bankers' Profits from German Loans, Washington, D.C., The Brookings Institute, 1932, 5.

Surprisingly enough, of all these four classes, the Republic itself was not the largest recipient of American funds, although it did take a fair share of the total amount loaned

BORROWERS IN GERMANY	NUMBER OF LOANS	AMOUNT FLOATED IN AMERICA
German Republic	2	\$ 208,250,000
States	11	115,650,000
Provinces, Municipalities	20	103,425,000
Public Utility Corporations	41	276,883,000
Industrial Corporations	28	214,418,500
Public Credit Institutions	19	213,435,000
Private Commercial Corporations	11	94,070,000
Religious Organizations	3	12,900,000
TOTAL	135	\$1,239,031,500

out, most of which was re-borrowed by private concerns in Germany. On the contrary, the heaviest drain on creditors in this country came from public utility and industrial corporations and from institutions of public credit. In fact, out of the one hundred thirty-five separate loan floatations carried on in

the United States between 1924 and 1930, seventy-eight emanated from one or other of these sources. Included among them were such prominent names as Friedrich Krupp, Ltd., August Thyssen Iron and Steel Works, the General Electric Company in Germany, Saxon Public Works, the United Steel Works Corporation, and the Berlin City Electric Company.⁶³

States, municipalities, and small financial groups made up the rest of America's post-war debtors in Germany. As the statistical chart on the previous page shows,⁶⁴ at the end of 1930 close to one billion two hundred forty million dollars had been sent across the Atlantic, an amount which, not including those loans privately placed, constituted approximately seventy per cent of all the Reich's foreign borrowing during the past six years.⁶⁵ Consequently, it is not surprising to find that only the largest and most wealthy interests in the United States were able to handle this tremendous monetary traffic. These included, in part, J.P. Morgan and Company; the Equitable Trust Company; the Chase National Bank; Dillon, Read, and Com-

65 Ibid.; Kuczynski, Loans, 43-50.

64 Kuczynski, Profits, 5.

65 Angell, 191; Harris, 10. Howland, American Foreign Relations: 1930, 467, puts the amount at \$1,210,609,000. Quotes United States Department of Commerce, American Underwriting of German Securities, Trade Information Bulletin, No. 648.

pany; Goldman, Sachs and Company; Speyer and Company; the Guaranty Trust Company; American and Continental Corporation; and Harris, Forbes and Company.⁶⁶

It might be noted at this point that of all the credits invested in Germany, whether in the Weimar government, the German states and cities, or in industry or commerce, no portion was ever given by the United States government as such. This negative policy by Washington harkened back to the very early part of the 1920's, when a radical change took place in this country's official attitude toward all foreign lending. In previous years loans had been made with an eye to influencing the actions of some foreign power, but now, with American prestige at its highest, such advances were deemed inconsistent with the country's national interests.⁶⁷

As a natural result of this program, loans from Americans -- especially from the government itself -- to Germany were regarded during this entire post-war decade in the same hostile manner by the various departments in the nation's capital. In fact, as early as March, 1922, President Harding asked certain loan-issuing bankers to submit all their proposed credit outlays

⁶⁶ Kuczynski, Loans, 24-26, 43-50.

⁶⁷ John T. Madden, et al, America's Experience as a Creditor Nation, New York, Prentice-Hall, 1937, 239.

for approval by the State Department. This request was agreed to by those officials attending, although a later protest was voiced by Governor Strong of the New York Federal Reserve Bank.⁶⁸ Nevertheless, with exception of the Dawes Reparation Loan of 1924, which was personally recommended by President Coolidge,⁶⁹ the official American mind on this matter continued to remain adamant in its new outlook.

Application of this policy toward the Reich occurred several times after the Dawes advance was completed, notably in late 1924 when actual concern was expressed by the State Department over requests for credit by numerous German states and cities. For example, a creditor intending to proceed with a loan to the state of Bremen was carefully advised to pay special attention to Article 248 of the Versailles Treaty which provided for a first mortgage on all German property and lands,⁷⁰ and to inquire specifically into the attitude of the Reich's Finance Minister whose approval to all such loans was required by a law of the republic.⁷¹ A year later, in the face of still heavier

68 William Starr Myers, The Foreign Policies of Herbert Hoover: 1929-1933, New York, Charles Scribner's Sons, 1940, 189-191; Kuczynski, Loans, 12; Madden, et al, 241-242.

69 Calvin Coolidge, Message of the President...to the Congress...December 3, 1924, Washington, D.C., U.S. Government Printing Office, 1924, 12; James W. Angell, The Financial Foreign Policy of the United States, New York, Council of Foreign Relations, 1933, 95.

70 Foreign Relations, Paris Peace Conf., XIII, 530.

71 Madden, et al, 247-248.

requests for funds from abroad, warnings identical with these were spread broadcast over the entire American financial world by the same authority. The department also added:

[Make sure that any contemplated] loans are to be used for productive and self-supporting objects that will improve, directly or indirectly, the economic condition of Germany, and tend to aid that country in meeting its financial obligations at home and abroad.⁷²

Exhortations of this kind continued throughout the 1920's, but if at all, were only moderately effective, for, as has been shown, over one and a quarter billion dollars were accorded to German interests by persons in the United States before the end of 1930. At no time, of course, after the Dawes loan did the government explicitly advise or forbid the advancing of credits to Germany. Rather, it offered "no objection"⁷³ to such acts, a policy which led to serious repercussions against President Hoover after considerable losses were incurred in the depression years of 1930 and 1931.⁷⁴

As a final note on this subject of loans to Germany, it should be stated that, contrary to some expectations, the Weimar government likewise took a firm stand against indiscriminate American financial advances to German interests, especial-

72 Foreign Relations, 1925, II, 177-178.

73 Madden, et al, 242; Foreign Relations, 1925, II, 187.

74 Myers, Foreign Policies of Hoover, 197-198.

ly if those interests happened to be municipalities which sought to carry on non-productive civic improvements.⁷⁵ Thus Gustav Stresemann himself, the Reich's able Foreign Minister during the later 1920's, said of such loans:

We need the milliards that have flowed into our trade and industry in the form of foreign loans But only the milliards that are wholly and solely applied for productive purposes can be a justifiable addition to our capital, while non-productive foreign loans are a heavy charge on our resources.⁷⁶

Kuczynski clarifies this point even more when he says:

In view of the great need of capital it was feared that the municipalities would take undue advantage of the first opportunity offered by the opening of the foreign capital market, of acquiring long-term credits, and they would fail to observe that restraint which consideration for the German balance of payments and consequently for the currency necessitated.⁷⁷

Leading German industrialists and financiers expressed this very fear when they announced that a continuation of such loans would be

disastrous for the future of German economy

75 Howland, American Foreign Relations: 1928, 338.

76 Eric Sutton, ed., Gustav Stresemann, His Diaries, Letters, and Papers, London, Macmillan and Co., 1940, III, 283.

77 Kuczynski, Loans, 5. Quotes Denkschrift über das Arbeitsgebiet und die Tätigkeit der Beratungsstelle für Auslandskredite vom 1. Januar 1925 bis zum 30. September 1928. (Published by the Reich Finance Minister, 3.)

and [would] eventually lead to interference, on the part of the Transfer Committee, with the [t]ransfer out of Germany of the interest charges involved.⁷⁸

In view of this alarm and because there was greater need for loans to industry and agriculture, Jacob G. Schurman, American Ambassador to Berlin, believed that

the demands of the municipalities should be relegated to the background; and . . . that we [the United States] can do no better service to Germany and ourselves than to discourage the further placing of German municipal loans in America.⁷⁹

A year later he notified the State Department that

Schacht [*] himself . . . is convinced that to revert to the comparatively free policy of foreign borrowing by public corporations [in Germany] is absolute folly.⁸⁰

The Weimar government consequently attempted in 1925 to put a curb on such unbridled borrowing, but because of a majority lack in the Reichstag, a law requiring official approval for monetary requests abroad was greatly weakened and was therefore easily evaded.⁸¹ Nevertheless, while the law was ineffective in some places, it was evidently able to produce results in others, for as Wertheimer states:

Almost one-third (31.31%) of the total pub-

78 Foreign Relations, 1925, II, 173-174.

79 Ibid.

80 Ibid., 1926, II, 202. *Hjalmar Schacht, president of the Reichsbank.

81 Ibid., 1925, II, 173-174; Kuczynski, Loans, 11.

lic debt of the Federal States and the Hansa cities on March 31, 1930 had been borrowed abroad, by far the largest portion having been raised in the United States. On the other hand, only ten per cent (as of March 31, 1929) of the funds borrowed by the municipalities represented direct foreign loans.⁸²

From 1924, then, until 1928, German-American relations revolved, for the most part, around the making of the Dawes Plan and the extending of United States financial credits to interests in the Reich. Events, however, did not change radically in the next three years, for late in October, 1928, upon the suggestion of S. Gilbert Parker, Agent General for Reparations, a new committee of experts -- including Americans -- was called to give final form to the decade-old question of the German indemnity. Unofficially representing America,⁸³ were Owen D. Young, previously associated with the Dawes Plan, and John Pierpont Morgan, American financier par excellence already mentioned in this work. Both men were invited by the Reparation Commission which, conjointly with the Reich government, first obtained ap-

⁸² Mildred S. Wertheimer, "Financial Crisis in Germany," Foreign Policy Reports, VIII, March 2, 1932, 459.

⁸³ James T. Gerould, "America's Part in the Reparations Problem," Current History, XXIX, March, 1929, 1005-1007. The author scoffs at the unreality of such "unofficial" action. Says he: "It is hardly to be supposed that during the extended conferences that Owen D. Young and Mr. J.P. Morgan had with the President, Secretary Kellogg and Secretary Mellon the conversation related exclusively to the weather." The government's avid interest is also reflected in its mild chastisement of Young after he was unable to stop the European nations' shift of reparations responsibility to the United States. Foreign Relations, 1929, II, 1059-1062.

proval for this draft from the State Department in Washington.⁸⁴

The Young Commission, as the new group of experts came to be called, deliberated the problem of German reparations from February 11, 1929 to the following June 7. The discussions, of course, were international in scope, but in the end the over-all decisions created a relationship between the United States and Germany which had never existed before. This occurred, in part, because the German government, in its capacity as a revived world power, believed that it could now expect a whittling down of reparations payments,⁸⁵ although in order to accomplish this desired reduction, it was plain that American creditors would be forced to cut their demands on the former Allies. The experts, therefore, were confronted with the task of finding a solution to the conflicting European and American attitudes toward the relationship of reparations to war debts.

Ever since the Armistice, the United States had held to a policy of regarding German reparations payments and the Allied war debt as two unrelated matters. As early as June, 1920, Secretary of the Treasury Houston illustrated this viewpoint

⁸⁴ Foreign Relations, 1929, II, 1027. The State Department, however, was not in favor of Young acting as chairman of the Experts' Committee. Ibid., 1025.

⁸⁵ Stolper, 172.

when he wrote to the British Ambassador, Sir Auckland Geddes:

It has been at all times the view of the United States Treasury that questions regarding the indebtedness of the United Kingdom of Great Britain and Ireland to the United States Government and the funding of such indebtedness had no relation either to questions arising concerning the war loans of the United States and of the United Kingdom to other governments or to questions regarding the reparations payments of the Central Powers of Europe.⁸⁶

Again, in the same year President Wilson addressed David Lloyd George, British Prime Minister, in these words:

The United States . . . fails to perceive the logic in a suggestion in effect either that the United States shall pay part of Germany's reparation obligation or that it shall make a gratuity to the Allied Governments to induce them to fix such obligations at an amount within Germany's capacity to pay. This government has endeavored heretofore in a most friendly spirit to make it clear that it cannot consent to connect the reparation question with that of intergovernmental indebtedness.⁸⁷

This policy was carried along by both political parties in America during the entire era of the 1920's. European circles, on the other hand, had consistently held a different outlook, namely that a very real connection existed between German-Allied and Allied-American post-war finances. This attitude had been made quite clear in the famous Balfour Note of 1922,

⁸⁶ Lewis Webster Jones, "American Attitude toward Reparations," The Congressional Digest, VIII, August-September, 1929, 208-209.

⁸⁷ Ibid.; Foreign Relations, 1929, II, 1059.

wherein German reductions on reparations debts were promised in accordance with any American claims which were similarly reduced against Britain, a policy later subscribed to by the Allied debtors in general.

The importance of considering this point in a discussion of German-American financial relations lies in the fact that through the Young Plan and its annexes, the former European Allies finally succeeded in giving tangible expression to their views in this matter and practically, if not legally, shifted the responsibility for a solution of the whole reparation problem to the United States. This was accomplished by arranging a scheme between themselves and the Germans in which any of the latter's annuities going to the Reich's creditors would be reduced by two-thirds of any reduction granted by America to the Allied debtors before 1965, and by the entire reduction from then until 1988, when such annual payments were to be completed.

The Germans were at first loathe to accept such a proposal, for not only did they disapprove of connecting war debts to reparations,⁸⁸ but they also believed that this plan would violate the time limit for reparations payments provided by the Treaty of Versailles. Nevertheless, after sufficient Allied pressure, they submitted, for as Dr. Schacht himself said:

⁸⁸ Ibid., 1928, II, 871.

All representations on the part of the German experts that Germany had nothing in the world to do with the Allied debts broke down on the arbitrary political attitude of the other.⁸⁹

The Concurrent Memorandum, as the above agreement was named, was an annex to the Young Plan,⁹⁰ signed by the former Allies and the Germans, but not by the American experts. By it the doctrine of the Balfour Note was Europeanized, and if the Germans ever wanted to reduce their debt, they were thenceforth obliged to first persuade the United States to reduce its claims on the rest of Europe. Moreover, in order to keep the question open as a German-American affair, the European creditors so arranged it that that part of the reparations subject to postponement and immune from commercialization became almost identical with that of Europe's debts with America. Thus, for the next thirty-seven years such "outpayments" by Germany were intended to correspond to an amount equal to reparations plus war debts, and after 1965 to parallel war debts only. This scheme, of course, maneuvered America into such a position as to make her the only recipient -- and therefore the only collector -- of the Reich's

⁸⁹ Howland, American Foreign Relations, 1930, 453. Quotes speech by Schacht before the Deutsche Industrie und Handelsstag, Munich, June 28, 1929.

⁹⁰ Leon Fraser, "The Reparation Settlement Signed June 7, 1929," International Conciliation, No. 253, October, 1929, 517-520.

reparation dues after 1965.⁹¹

Another aspect of the Young Plan which directly involved America and Germany found its basis in a general fear that, without a reduction of United States claims against the Weimar state similar to those offered by the ex-allies, the Experts' Commission would fail. The American government was consequently faced with the problem of either lessening the amount of its Mixed Claims Awards which were direct payments due individual American citizens, or cutting its bill for Army of Occupation costs in the Rhineland.⁹² The latter course was decided upon at a White House conference in mid-May, 1929, where both the President and chief members of Congress agreed to a scaling down of army costs by ten per cent of the original amount and to extend the term of payment.⁹³ The whole reduction totaled only about thirty million dollars, but it served to insure the final success of the Young Conference. This personal move on the part of President Hoover was characterized by the Nation as being a step away from the

old, obstinate, intransigent position of refusing to do anything in the matter of repara-

91 E.L. Bogart, "Our Interest in the Reparations Problem," Atlantic Monthly, Boston and New York, The Atlantic Monthly Co., CXLV, April, 1930, 555-561.

92 Foreign Relations, 1929, II, 1047.

93 Ibid., 1075-1082.

tions . . . Had this country shown a willingness to cut its demands [earlier], the reparations issue would have been settled long ago. . . . America has no more important duty than to speed that settlement in every possible way.⁹⁴

Finally, it might be emphasized again that, like its view of the Dawes Plan, official American attitude toward the Young agreements was one of coolness, reserve, and at times, near-opposition. No authorized American representatives attended the conference sessions, nor did the United States subscribe to the principles upon which the new plan was based. For instance, when the Bank for International Settlement was proposed in 1929, Secretary of State Stimson refused to "permit any officials of the Federal Reserve System either to serve themselves or select American representatives" for the proposed financial concern. Said he:

While we look with interest and sympathy upon the efforts being made by the committee of experts to suggest a solution and settlement of the vexing question of German reparation, this government does not desire to have any American official, directly or indirectly, participate in the collection of German reparations through the agency of a bank or otherwise.⁹⁵

Similarly, in reference to the entire Young Plan, President Hoover announced in June, 1929:

⁹⁴ "America Acts at Last," Nation, May 29, 1929, CXXVIII, 637.

⁹⁵ Jones, 208-209; Foreign Relations, 1929, II, 1071.

Our government is not a party to that agreement and therefore would not be a signatory to it. There is no occasion to submit the agreement to Congress.⁹⁶

As a final note, then, it might be said that the Young Plan was accepted and ratified by the European powers, including Germany, in the early part of 1930. The United States, however, adamantly retained its official aloofness, although later that same year it did swallow its pride enough to negotiate for a private settlement of the German-American Mixed Claims question along the very lines set up by Young and his associates.⁹⁷

Ultimately, of course, the decisions of both sides concerning the reparations issue came to nought, for the depression which had begun some months earlier in the Stock Exchange on Wall Street now struck Germany with all the ferocity of a Caribbean hurricane. It left in its wake a trail of credit withdrawals,⁹⁸ unemployment, and mass discontent. Over three million Germans could not find work enough to earn their livelihood, and the total was rising each day. Rioters and demagogues captured the ears of the German people, so that by mid-1930, they were willing to try anything in order to rise from the chaos.⁹⁹

96 Jones, 208-209.

97 Foreign Relations, 1930, III, 106-109.

98 Ibid., 89.

99 Ibid., 76.

In September of that year, then, appeared the first ominous indication that the end of the Weimar Republic was soon to be at hand, for in nation-wide elections for members of the Reichstag, Adolf Hitler and his National Socialist party polled approximately six and one-half million votes to rise from twelve to a total of one hundred seven seats in that body. By this one gigantic sweep, the Nazis became the second largest party in the Reich, and immediately began pressing for extensive posts in the machinery of the Weimar government.¹⁰⁰

Reports of Hitler's triumph were immediately sent by the Charge d'Affaires in Germany, George A. Gordon, to the Secretary of State. Gordon informed Stimson of the plight of the German people and characterized their action at the polls as giving "support to a party whose leader and promises are irresponsible," and whose campaign for votes was "extraordinarily confused, self-contradictory, and opportunist" in nature.¹⁰¹ Said he further of the Reich populace:

[I]t is doubly unfortunate that the more intelligent citizens who were induced to vote the National Socialist ticket could not . . . realize that in thus voting they were taking the surest steps to increase the difficulties of government, to further impair foreign confidence -- especially in financial circles --

100 Ibid., 76.

101 Ibid., 76-77.

in the stability of German republican institutions, and in general, to intensify the economic and financial evils of which they complain. However, they apparently thought neither of this nor of anything else of that nature. When over six million voters follow a party which promises "freedom and bread" without any indication as to how either is going to be provided, certainly the least that can be said is that such voters are in a very reckless frame of mind. 102

Reports concerning the Nazis themselves were far from complimentary, for Gordon cited their use of Semitism, international banks, the Young Plan, and the Treaty of Versailles as articles of propaganda against the Weimar government. Above all, he called attention to their "remedy" of "repudiation pure and simple of any such written obligations, and a march on Berlin, for the purpose of establishing a reactionary dictatorship. . . ." 103 Concerning a representative of the Nazi party, a certain Herr Schickdanz, who visited him on the very day after the election, the charge remarked:

When trying to expound his party's program of "freedom and bread," Mr. Schickdanz could get no further than to repeat that the payment of tribute by Germany must cease and that as a corollary the theory of German war guilt, as embodied in the Treaty of Versailles, must be formally repudiated Just how this party proposes to achieve this "freedom," however, and in what manner it envisages converting this achievement, if accomplished, into such a remedy for the fundamental economic ills with which

102 Ibid., 78.

103 Ibid., 77-78.

Germany is beset, as to fulfill the promise of "bread", he made no attempt to indicate.¹⁰⁴

All in all, then, America's official impressions of National Socialism and its leader were, from the very start, suspicious and distrustful. Yet, they were not entirely without hope, for as Gordon, with almost uncanny insight, put it:

Danger is clearly there, and cannot lightly be overlooked or explained away. . .; but yet a way remains open for all sincere supporters of the Republic to make common cause against this danger. If at such a juncture as this they fail to sink their personal and doctrinal differences, then indeed a serious situation will present itself.¹⁰⁵

104 Ibid., 82.

105 Ibid., 79.

CHAPTER V

CONCLUSION

The investigation just presented has been the product of extensive, though not exhaustive, research into a great number of sources having reference to America and Germany during the period of the Weimar Republic. The facts recorded are, of course, only the facts which have proved themselves available, and therefore it is quite possible that some errors of omission or interpretation have crept into the text. Relying, then, solely upon the information which has been gathered, and recognizing the chance of misjudgment, the following conclusions seem to be warranted by the material at hand.

In the first place, it is quite clear that the Weimar era provided for both Germans and Americans a genuine opportunity for a needed rapprochement after half a century of antagonism and open conflict. This chance for renewed friendship, it seems, was used to a much greater extent than is generally understood, for while the process was slow and progress intermittent, a distinctly different attitude could definitely be found existing between these peoples in 1930 from that which prevailed a decade earlier.

In support of the above observation, the view of the American public toward the question of German war guilt in 1919 can be contrasted with the feeling which prevailed at the time of the Young Plan, and even the government's outlook on food for the Reich after the war can be compared to its later view on occupational army costs. The merchants and bankers, of course, did business for business' sake, but even among these the increase of intercourse from 1920 to 1930 shows a gradual growth in trust and confidence between the two former foes. Finally, it might be added that some elements of both nationalities forgot their differences immediately after the armistice, as did the nutritional experts and such humane organizations as the Friends and others.

Surprisingly enough, the sources of friction which troubled the Reich and America during the 1920's were comparatively few in number. Probably the one most dreaded was that of possible German-American commercial competition, but though it was expected by large numbers, it never quite materialized. Similarly, tariff wars were conspicuously absent, and despite the complaints of American customs injustice, no real conflict ever developed during the Weimar period.

The aloofness and inactivity of Washington, both in the reparations struggle and in financial matters, must, of course, be admitted. Yet, even this was not directed only to-

ward Germany, but rather was extended alike toward all things foreign under the traditional policy of non-intervention and political isolation. The facts, however, show that this attitude was quite often non-existent except in name, for American individuals high in power and experienced in world affairs took leading roles in almost all important foreign activities, though in an "unofficial" capacity. Again, where America's advantage was to be secured -- as in the Berlin Pact -- there was no hesitancy on the part of the United States government to negotiate openly with the Germans, and its magnanimous policy toward the return of alien property is certainly to be accorded a high degree of praise.

All in all, then, this study of American relations with the Weimar Republic presents not only an interesting contrast to any similar review of intercourse with the Reich either before or after the period between 1919 and 1930, but also offers some valuable guidance for current American action. In a day when citizens of this country are again faced with the task of re-orienting their views and policies toward the German nation and people, this report serves a very real purpose in showing what can be accomplished when peace, co-operation, and harmony are substituted for distrust, clash of ideologies, and open warfare. And what has been done in the past can again be done in the future.

CRITICAL BIBLIOGRAPHY

I. PRIMARY SOURCES

Annual Report of the Secretary of Commerce: 1921-1925, 5 vols., Washington, D.C., United States Government Printing Office, 1921-1925.

A regularly issued informational report made by the Commerce Department to the President which contains well-rounded chapters pertaining to both domestic and foreign activities of the department. Especially significant in regard to this thesis were the accounts of department heads in Germany telling of their aid to American businessmen abroad.

"Conditions of An Armistice with Germany," American Journal of International Law, New York, Oxford University Press, XIII, 1919, 97-108.

Full text of the armistice agreement concluded between Germany and the Allies on November 11, 1918 is provided in this article. The contents serve to illustrate part of the background of American participation in the occupying armies in the Reich and of German sufferings under the post-war blockade.

"Conventions Prolonging the Armistice with Germany," American Journal of International Law, New York, Oxford University Press, XIII, 1919, 388-392.

This reference consists of a series of accounts treating of Allied and German negotiations regarding several continuations of the original Armistice of November, 1918. The agreements referred to are important to an understanding of the blockade issue and German nutritional urgency after the war.

Coolidge, Calvin, Message of the President of the United States to the Congress at the Beginning of the Second Session of the Sixty-Eighth Congress, December 3, 1924, Washington, D.C., United States Government Printing Office, 1924.

President Coolidge's State of the Union message to the Congress is here printed in full. Material pertinent to the President's attitude toward the Dawes Plan is revealed in this text.

"Correspondence between the United States and Germany Regarding an Armistice," American Journal of International Law, New York, Oxford University Press, XIII, 1919, 85-96..

This article is constituted mainly of diplomatic dispatches exchanged between the American and German governments in the critical days before November 11, 1918. American pressure for an ouster of the Kaiser's regime is clearly shown forth in these notes.

Curti, Merle E., "John C. Calhoun and the Unification of Germany," American Historical Review, New York, The Macmillan Co., XL, 1935, 476-478.

The text of this reference contains a letter written by Calhoun during the uneasy days of the German revolution of 1848-1849. The future vice-president herein shows a favorable attitude toward the Germans, but criticises their government as being too unstable.

Fraser, Leon, "The Reparation Settlement Signed June 7, 1929," International Conciliation, Carnegie Endowment for International Peace, No. 253, October, 1929, 431-521.

Mr. Fraser, an advisor to the Young Committee, here gives the full text of the committee's proposal for solving the reparations question, and also presents an interesting commentary on this same agreement. The annexes to the plan are also provided.

Hughes, Charles Evans, The Pathway to Peace, New York and London, Harper and Brothers, 1925.

Contained in this work are representative addresses delivered by Hughes during his term as Secretary of State from 1921 to 1925. A great number of the talks are devoted to foreign policy and were thus valuable to this thesis.

Moore, John Bassett, A Digest of International Law, 8 vols., Washington, D.C., United States Government Printing Office, House Document 551, 56th Congress, 2nd Session.

As a professor of international law and diplomacy at Columbia University, and also one-time Assistant Secretary of State of the United States, Moore is well-qualified to present the intricacies of law among nations. This collection of documents is pertinent to all phases of this subject, and is therefore a very valuable although out-dated work.

Myers, William Starr, (ed.), The State Papers and Other Public Writings of Herbert Hoover, 2 vols., Garden City, New York, Doubleday, Doran and Co., 1934.

These two volumes of the collected papers of Hoover during his term as President of the United States are edited by an experienced professor of politics at Princeton University. The work contains such items as press dispatches, messages to Congress, letters, proclamations, and the like.

Papers Relating to the Foreign Relations of the United States: 1919-1930, 25 vols., Washington, D.C., The Department of State, United States Government Printing Office, 1934-1945.

In the writer's estimation, this set of volumes is probably the one most valuable aid that came to be used in the writing of this thesis. Only those editions referring to the above-stated years are included in this reference, but all important diplomatic communications arising between the American government and that of any major foreign power from the end of the Civil War to 1933 can be located in these excellent publications. All are easy to work with and are overflowing with primary source material.

Papers Relating to the Foreign Relations of the United States: 1919, The Paris Peace Conference, 13 vols., Washington, D.C., United States Government Printing Office, 1947.

This set of works is a supplement to the regularly issued Foreign Relations referred to above. Volumes I to XII contain all negotiations of import involving the United States delegates to Versailles, while Volume XIII sets out in full the text of the Paris Treaty. Especially helpful are the editor's notes which explain and give historical significance of each article of the pact, including ramifications as late as World War II.

Scott, James Brown, The Treaties of 1785, 1799, and 1828 between the United States and Prussia, New York, Oxford University Press, 1918.

This volume contains the treaty texts referring to the first commercial pacts negotiated between the United States and the Prussia of Frederick the Great. Notes and commentaries are lacking, but the work is an invaluable aid to accurate quotations from and original wording of the pacts in question.

Stimson, Henry L. and Bundy, McGeorge, On Active Service in Peace and War, New York, Harper and Brothers, 1948.

Here Stimson presents, in one volume, his chief memoirs of almost a half-century of public service, twice as Secretary of War and once as Secretary of State of the United States. The account, written as recently as 1947, makes interesting reading and seems quite reliable in its information.

Surface, Frank M. and Bland, Raymond L., American Food in the World War and Reconstruction Period, Stanford University, California, Stanford University Press, 1931.

Actually a semi-primary source, this account contains so much of accurate statistical data regarding American aid to Europe in the post-war era, that to place it in the secondary category would be to do a real injustice. The authors have performed an excellent service in compiling this list of amounts, prices, and distribution points, and a more comprehensive, yet manageable work on this subject probably cannot be found.

Sutton, Eric, (ed.), Gustav Stresemann, His Diaries, Letters, and Papers, 3 vols., London, The Macmillan Co., 1940.

Mr. Sutton herein presents three volumes of the most important papers issued by Stresemann in his years as a public servant for the Weimar government. Originally in German, these works have been taken from the edition published in 1932 and 1934 by the Foreign Minister's private secretary, Henry Bernhard, and are thus reliable and trustworthy.

II. SECONDARY SOURCES

A. BOOKS

Angell, James W., The Recovery of Germany, New Haven, Yale University Press, 1929.

The author, an associate professor of economics in Columbia University, herein presents a detailed account of Germany's sudden recuperation after the chaos of 1923. Chapters are excellent on German loans, business and labor, and on both the Dawes and Young Plans for reparations. Useful appendices are also included.

Arnold, T.W., German Ambitions as They Affect Britain and the United States of America, New York, G.P. Putnam's Sons, and Smith, Elder and Co., 1903.

Arnold's one-volume work presents a rather over-done record of German colonial and commercial aims at the turn of the century. If used with discretion, however, the book has its good points, especially in reference to German activities in the Caribbean Sea during this time.

Bailey, Thomas A., Woodrow Wilson and the Great Betrayal, New York, The Macmillan Co., 1945.

Interesting, though plainly pro-Wilsonian, this book records the gigantic struggle between this former president and the American Senate over the Versailles Peace Treaty after its submission to that body for approval. Bailey's sources are exceptionally well-chosen, nevertheless, and from the standpoint of public opinion, the work is a worthy one.

Bailey, Thomas A., Woodrow Wilson and the Lost Peace, New York, The Macmillan Co., 1944.

This work is the original project to which the previous-mentioned volume is a sequel, and thus covers that portion of the years 1918 and 1919 during which the Versailles Peace Conference was actually in session. The whole of Wilson's battle with the Allied leaders in dramatically portrayed, although again from the vantage point of a Wilson enthusiast.

Battle Monuments Commission, American Armies and Battlefields in Europe, Washington, D.C., United States Government Printing Office, 1938.

Most of the information contained in this work is irrelevant to the subject at hand, but the book contains a fine summary of the activities of the American occupation forces in Germany between 1918 and 1923. A useful map, picturing the United States zone of operation, is also included. It is reproduced in this thesis on Pg. 44.

Bemis, Samuel Flagg, A Diplomatic History of the United States, New York, Henry Holt and Co., 1936.

In Samuel F. Bemis the world of diplomatic historians has found a most erudite scholar. Therefore, even in this general work, covering American foreign relations from the nation's inception to the post-World War era, much valuable material can be found. The author's sources are varied and dependable, as well as his suggestions for deeper research.

Bemis, Samuel Flagg, (ed.), American Secretaries of State and Their Diplomacy, 10 vols., New York, A. Knopf, 1928.

Here is a ten volume set covering the significant diplomatic activities of all the American Secretaries of State from Jefferson to Hughes. As might be expected, these works reflect the same high quality and scholarship that Bemis shows in all his writings on this subject.

Bergmann, Carl, The History of Reparations, Boston and New York, Houghton Mifflin and Co., 1927.

As a member of the Reparations Commission from the Weimar Republic, Mr. Bergmann can well be expected to know his subject, although a somewhat pro-German viewpoint is presented. The book is useful in this capacity, but since it carries the subject merely to the year 1927, it cannot be depended upon for a complete account of the reparations question.

Brooks, Sidney, America and Germany: 1918-1925, New York, The Macmillan Co., 1925.

The central theme of this work is the great nutritional contribution of Americans, led by Herbert Hoover, to the starving masses of Germany during the first half-decade

after the World War. The book is quite detailed and contains many selections from contemporary reports, both official and unofficial.

Carroll, E. Malcomb, Germany and the Great Powers: 1866-1914, New York, Prentice-Hall, Inc., 1938.

American relations with the Imperial German government prior to the Great War are covered with scholarly accuracy in Mr. Carroll's work. The author, a professor of history at Duke University, manages to weave in a noticeable amount of interpretation, however, for the work is primarily a compilation of public opinion as recorded in newspapers, periodicals, and pamphlets of the day. Nevertheless, the primary sources used by the author cannot be matched.

Ergang, Robert, Europe in Our Time, New York, D.C. Heath and Co., 1949.

Ergang's is a general text useful in the main for gaining an over-all picture of the decade in question. It is a very recent work, and therefore more able to present views based on current research than a source written in the heat of action during the 1920's themselves. A good bibliography is also included.

Finch, George A., "The Treaty of Peace with Germany in the United States Senate," International Conciliation, New York, American Association for International Conciliation, No. 153, August, 1920, passim.

Finch treats in a shorter form the same subject that Bailey takes up in his second book on Wilson. The presentation is very scholarly and uses many excerpts from contemporary speeches in the Congress. Published in 1920, however, it tends to reflect the views of that era, and therefore is not as useful as it ordinarily might seem.

Gazley, John Gerow, American Opinion of German Unification: 1848-1871, New York, Columbia University Press, 1926.

This product of Gazley's has high merit as an impartial investigation of American thought on the subject of German unification through the Franco-Prussian War. Newspapers from all over the United States are quoted, as well as innumerable periodicals, letters, and personal works of prominent influentials.

Greene, George Washington, The German Element in the War of American Independence, New York, Hurd and Houghton, 1876.

This is an account of that portion of the American populace of German descent and immigration in the struggle for independence. The book was used herein as a source of information of General von Steuben, but it is useful also in building up an understanding of American friendship with Germany through its foreign-born population.

Harris, Charles R.S., Germany's Foreign Indebtedness, London, Oxford University Press, 1935.

In this work an English doctor of philosophy presents a well-detailed account of German debts contracted with foreigners from 1924 to date. Much of the material is given in graphic form or in statistical charts where America's share of credits to the Reich during this period can easily be determined.

Hazen, Charles Downer, Modern Europe, New York, Henry Holt and Co., 1926.

Hazen's summary is merely a general history of Europe since Waterloo, but it is useful for details of over-all chronology, especially as background for the problem at hand. The work is remarkably detailed for its scope.

Hepner, Adolf, America's Aid to Germany in 1870 and 1871, St. Louis, Missouri, no publisher given, 1905.

Hepner does a fine job of writing an account of the little-known relationship which existed between the German and American nations through United States management of the Reich's embassy in Paris during the Franco-Prussian struggle. The work is practically a biography of America's Elihu B. Washburne, then ambassador to France, during the years 1870 and 1871.

Howland, Charles P., Survey of American Foreign Relations: 1928-1931, 4 vols., New Haven, Yale University Press, 1928-1931.

Here is an exceedingly helpful publication issued by the Council on Foreign Relations. Every important aspect of the foreign policy of the United States during a specific year is orderly and comprehensively covered. Very excellent for establishing continuity between widely spaced events.

Huddle, Frank P., "Enemy Property," Editorial Research Reports, II, July 7, 1945.

The author of this pamphlet offers a brief, but adequate, account of the entire alien property question which raged so fiercely throughout the decade of the 1920's. Summaries of debts retained and paid are a vital part of this report and an interesting comparison to a similar situation during World War II is included.

Masterman, Sylvia, The Origins of International Rivalry in Samoa: 1854-1884, London, Allen and Unwin, 1934.

Originally written as a doctoral dissertation, Miss Masterman's coverage of her subject is only fairly comprehensive. Not only does it carry the subject no further than 1884, but also many incidents are merely touched upon or entirely excluded. As a corroborative source, the work is useful, but not as a source for anything greater than that.

Ryden, George H., The Foreign Policy of the United States in Relation to Samoa, New Haven, Yale University Press, 1933.

In contrast to that of Sylvia Masterman, this account of Samoan-American affairs is by far the better. It is more comprehensive, contains many more varied sources, and continues the subject to its logical end in 1899. In this writer's opinion the book may be relied upon for a full and accurate record of its theme.

Stolberg-Wernigerode, Otto zu, Germany and the United States of America during the Era of Bismarck, Reading, Pennsylvania, Henry Janssen Foundation, 1937.

As a work with much deep insight into German-American affairs in the late 19th century, this presentation can hardly be equalled. The author uses much material from both American and German archives. Nevertheless, this work has a tinge of pro-Germanism, especially in its treatment of Bismarck.

Stolper, Gustav, German Economy: 1870-1940, New York, Reynal and Hitchcock, 1940.

This author presents a bird's-eye view of the economy of Germany during the last days of the Empire, during the entire Weimar era, and during most of the Hitler regime. No one section is burdened with details, but rather offers a

clear-cut picture of the fast moving events which revolved around the changeable German scene.

Townsend, Mary E., The Rise and Fall of Germany's Colonial Empire: 1884-1918, New York, The Macmillan Co., 1930.

Drawn almost entirely from first-hand sources, this work by an assistant professor of history at Columbia University contains much insight into the era of German colonization. Miss Townsend's book also corrects a number of misconceptions concerning German colonial practices which arose out of World War I propaganda.

B. PERIODICALS

"A German Plea to Mr. Wilson," Literary Digest, New York, Funk and Wagnalls Co., LX, February 22, 1919, 23.

"A Great and Growing American Trade with Germany," Current Opinion, New York, Current Literature Publishing Co., LXX, March, 1921, 402-403.

"The Alien Property Question," Congressional Digest, Washington, D.C., V, December, 1926, 327-358.

"A Peace of Distanglement," The Literary Digest, LXX, September 10, 1921, 12.

"Are We Americans Thieves?", The Nation, New York, CXVII, August 1, 1923, 104.

"A Treaty with a String to It," Literary Digest, LXXXIV, February 28, 1925, 14.

Bailey, Thomas A., "Dewey and the Germans at Manila Bay," American Historical Review, New York, The Macmillan Co., LXV, October, 1939, 58-81.

Baldwin, Elbert F., "The American Forces in Germany," The Outlook, New York, Outlook Co., CXXII, August 27, 1919, 635-636.

Barker, J. Ellis, "The Present State of Feeling in Germany," The Quarterly Review, New York, Leonard Scott Publishing Co., CXXXIV, October, 1920, 316.

Bemis, Samuel Flagg, "Shall We Forget the Lusitania?", The Outlook, CXXXI, August 30, 1922, 710-713.

"The Common People of Germany on the Peace Treaty," Literary Digest, LXII, July 12, 1919, 70-76.

"Doubtful Fate of Alien Property," Literary Digest, LXXIV, July 15, 1922, 14-15.

Ferrero, Guglielmo, "America's Role in the Peace Drama," The Living Age, Boston, The Living Age Co., CCCVII, November 13, 1920, 377-382.

Fisk, George M., "German-American 'Most-Favored-Nation' Relations," Journal of Political Economy, Chicago, University of Chicago Press, XI, 1903, 220-236.

"Future Relations with Germany," Literary Digest, LXII, July 5, 1919, 21.

Garner, James W., "Treatment of Enemy Aliens," American Journal of International Law, New York, Oxford University Press, XII, October, 1918, 765-766.

"German Foreign Trade for 1930," Current History Magazine, New York, New York Times Publishing Co., XXXIII, March, 1931, 941-942.

"German Impressions of American Troops," The Living Age, February 22, 1919, 455-456.

"The German Patents," New Republic, New York, The New Republic Publishing Co., XXVI, July 19, 1922, 202-203.

"The German Treaty," Weekly Review, New York, The National Weekly Corporation, V, September 3, 1921, 201-202.

Haworth, Paul Leland, "Frederick the Great and the American Revolution," American Historical Review, IX, 1904, 460-478.

Jones, Wesley L., "Merchant Marine Act of 1920," Proceedings of the Academy of Political Science, The Academy of Political Science, Columbia University Press, IX, February, 1921, 233-242.

Lutz, Ralph H., "Rudolph Schleiden and the Visit to Richmond," American Historical Association Annual Report, Washington, D.C., 1915, 207-216

"Make the Separate Peace Harmless," Weekly Review, IV, April 13, 1921, 330.

- Mason, Gregory, "How the Allies Govern Occupied Germany," The Outlook, CXXI, April 2, 1919, 358-359.
- McClure, Wallace, "German-American Commercial Relations," American Journal of International Law, XIX, 1925, 689-701.
- McGrane, R.C., "The American Position on the Revolution of 1848 in Germany," Historical Outlook, Philadelphia, Pennsylvania, McKinley Publishing Co., XI, 1920, 333-339.
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- Reeves, Jesse L., "The Prussian-American Treaties," American Journal of International Law, XI, 1917, 475-510.
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American Historical Review, XXX, 1925, 754-777.

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IX, January, 1919, 8-20.

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New York, Dodd, Meade and Co., 1920-1932.

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XII, 1922.

APPROVAL SHEET

The thesis submitted by Lawrence E. Sommers has been read and approved by three members of the Department of History.

The final copies have been examined by the director of the thesis and the signature which appears below verifies the fact that any necessary changes have been incorporated, and that the thesis is now given final approval with reference to content, form, and mechanical accuracy.

The thesis is therefore accepted in partial fulfillment of the requirements for the Degree of Master of Arts.

January 12, 1951
Date

Paul Finney
Signature of Adviser